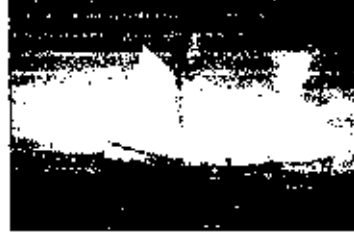
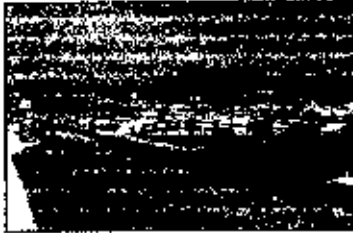
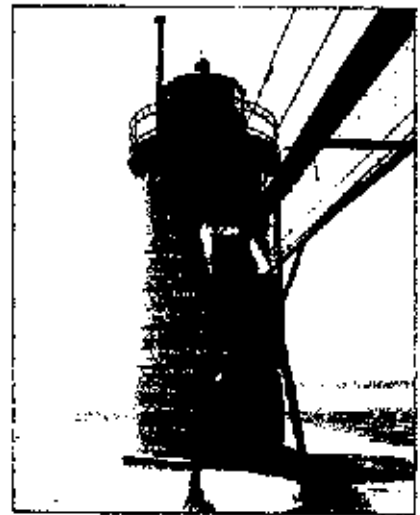
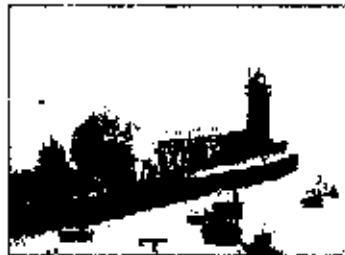


CITY OF SOUTH HAVEN

**Van Buren County
Michigan**



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2008



Prepared by: Finance Department



CITY OF SOUTH HAVEN

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City of South Haven

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Telephone (269) 837-0700 • FAX (269) 837-5319

October 28, 2008

Honorable Mayor,
Members of City Council
City of South Haven, Michigan

The comprehensive annual financial report of the City of South Haven for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of South Haven. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, management discussion and analysis, the City organizational chart and a list of principal officials. The financial section includes the financial statements and the combining and individual fund financial statements and schedules, supplementary information, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The comprehensive annual financial report complies with the reporting requirements of GASB 34.

The report includes all funds of the City of South Haven. The City provides a wide range of municipal services which include police protection; electric, water and wastewater services; the construction and maintenance of highways, streets, and other infrastructure; seasonal and transient marinas, boat launch and other recreation activities and cultural events. In addition to general City activities, the Building Authority is included in the reporting entity as a blended component unit. Component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations. The Downtown Development Authority, three Local Development Finance Authority Districts and a Brownfield Redevelopment Authority are reported as separately presented component units. On January 1, 1996 the City of South Haven entered into a joint venture with the Townships of Casco, Geneva, and South Haven to provide fire protection and emergency medical services. The South Haven Area Emergency Services Authority (SHAES) is a separate legal entity and prepares separate audited financial

statements. The City also collects tax revenues that are used to assist the operations of the South Haven Memorial Library, the South Haven Community Hospital and the South Haven Senior Services, all separate legal entities.

Government Structure, Local Economic Condition and Outlook

The City of South Haven was incorporated as a Village in 1869 and as a City in 1902. The City is located in the southwest area of the State of Michigan where the Black River flows into Lake Michigan. The City of South Haven covers a land area of 3.5 square miles. With a 2000 Census population of 5,021, The City increases to over 15,000 during the summer boating and recreational season. In addition, the City provides electric, water and wastewater services in an area exceeding 60 square miles.

The City operates under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and a six-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of City departments. The City is divided into three wards of which two members are elected from each ward to four-year staggered terms. Three Council members are elected every two years on a non-partisan basis. The mayor is elected to a two-year term.

The State Equalized Value of real and personal property in the City has increased from \$185,928,250 in 1997 to \$489,288,200 in 2007 (fiscal year 2008). This growth trend is continuing. State Equalized Value for the year beginning July 1, 2008 has increased to \$551,753,900. The area unemployment rate in June of 2008 was 7.7 percent compared to a State of Michigan unemployment rate of 8.5 percent. Downtown Retail District storefronts have less than a 2% vacancy rate.

The City has three business/industrial parks where new businesses continue to develop and existing businesses continue to expand. New Age Landmark which markets mobile testing labs purchased land in the I-196 business park in 2008. U.S. Tarp, a manufacturer of coverings for haulers, opened in FY 2008 using a previously vacant industrial building.

Residential development and investment remains strong. Everett Park, a 20-unit condominium development, started in FY 2008. Phase I of Central Lofts condominiums was completed in FY 2008. Work continued on Maple Gate, an 11-unit development, FY 2008. Environmental cleanup of the former National Motors site is complete and residential redevelopment plans have been approved for 240 units.

McNards opened for business in August 2007. Dunhams opened a store in South Haven in FY 2008. South Haven Community Hospital opened a new fitness center in 2008.

The City of South Haven is enjoying an expanding profile as a national and international tourist destination and a place where visitors from major metropolitan areas continue to purchase second homes.

There are six area and regional commercial bank branches and thrift institutions within the City serving the banking needs of the City and its residents and visitors.

Interstate 196 traverses the City with connections north and east to Grand Rapids and Lansing and south to Interstate 94. State highway M-43 connects South Haven to Kalamazoo area markets and the campus of Western Michigan University.

Lake Michigan Community College has a campus in South Haven and has partnered with Western Michigan University to offer classes in South Haven.

Major Initiatives

For the Year. In the 2007-2008 operating budget, the City established the areas of Public Works Infrastructure; Economic Development; Technology; Public Safety; Intergovernmental Relations and Parks and Recreation as priorities. These areas were addressed through attention to:

- Public Works Infrastructure - Voters approved a 20 year street millage in February 2008. Major infrastructure improvement projects in the Eagle Street, Wells Street and Black River Street areas were completed in 2008. Large portions of the electric system were rebuilt in FY 2008. A street condition survey was undertaken in FY 2008. City Council has approved an Infrastructure Improvement Plan which prioritizes street reconstruction and paving projects for the next twenty years.
- Economic Development - In fiscal 2008 the City marketed the I-196 Business Park, along with vacant buildings in the community. Mitchell and Morse Land Surveying purchased land in the I-196 Business Park. In a joint venture with a local manufacturer a meteorological tower was constructed on city owned property to measure wind energy potential.
- Public Safety - A substantial commitment of resources was directed to the support of public safety in fiscal 2008. The Police Department and Dispatch Services constituted \$2,051,477 of the General Fund budget during the year. Payment to the South Haven Area Emergency Services Authority (SHAES) for fire and emergency services totaled \$462,940 from the General Fund. In total, 48 percent of the General Fund operating budget was devoted to police and fire protection. In addition, expenditures from the Narcotics Enforcement Fund were in excess of \$188,000. The Narcotics Fund financed the South Haven Police Department continued participation in the Southwest Enforcement Team (S.W.E.T.)
- Intergovernmental Relations - The City has continued to work with the Townships of Casco, South Haven and Covert to provide water and/or sewer services to the areas surrounding the City of South Haven. These expansions have been steady and

ongoing since the City entered into an intergovernmental agreement for services in 1995. Negotiations were completed in fiscal 2001 for a five-year renewal (options to renew up to 25 years) of the South Haven Area Emergency Services Authority (SHAES) agreement. This agreement provides fire and emergency services for the City of South Haven and the Townships of Geneva, South Haven and Casco. In 2008 the City of South Haven reached agreements with Casco, Covert and South Haven Townships for new water rates to pay for the construction of a new water treatment plant.

- Parks and Recreation – The City-owned portable ice rink was open during the winter months in the Huron Street Parking lot. The City of South Haven purchased land for a regional recreational park.
- Technology Improvements - The City of South Haven improved its website to increase in usability and interactivity. Assessing records, agendas, minutes and other City records are now accessible via the Internet. The City of South Haven added a GIS technician to develop and maintain the City of South Haven GIS system.

For the Future. The 2008-2009 operating budget places emphasis on Infrastructure Improvements, Capital Projects, Economic Development, Technology Improvements and Recreation.

- Infrastructure Improvements - The City will be using the City's Street millage and County Road millage to pay for extensive street improvements. Substantial upgrades to the wastewater treatment plant will be made in FY 2009. New transformers will be installed at City's main electric substations in FY 2009.
- Capital Projects - The City will start construction will start on a new water treatment plant. This project is expected to be completed in 2010.
- Economic Development - The City of South Haven Brownfield Redevelopment Authority will continue working with live property owners on various grants and tax increment financing proposals in order that brownfield sites can become productive. Those sites include the Belgravia Building, the former Everett Building site, the National Motors site, all residential development projects, and two industrial projects - Albemarle and Michigan Aluminum Alloys.
- Technology Improvements - The City will work to improve on-line access to Assessing records, Tax records, Council Minutes and Agendas and other City documents.
- Recreation - The City will work with the South Haven Public Schools to develop a Recreation Master Plan.

Financial Information

Management of the City of South Haven is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Single Audit. As a recipient of federal and state financial assistance, the City of South Haven is also responsible for ensuring that adequate internal control is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management staff of the City. The City was not subject to a Single Audit for the fiscal year ended June 30, 2008.

Budgetary Controls. The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the activity level. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

Debt Administration. The ratio of net general obligation debt to State Equalized Valuation and the amount of bonded debt per capita are useful indicators of City debt position to municipal management, citizens and investors. Data for fiscal year 2007-2008 and the previous four fiscal years are as follows:

JUNE 30,	NET GENERAL OBLIGATION BONDED DEBT	RATIO OF NET BONDED DEBT TO STATE EQUALIZED VALUE (50% OF MARKET VALUE)	NET BONDED DEBT PER CAPITA (2000 CENSUS)
2008	\$11,421,321	2.33%	\$2,275
2007	12,671,169	2.81	2,524
2006	11,927,743	2.84	2,376
2005	12,605,455	3.20	2,511
2004	13,244,383	3.84	2,638

Tax supported debt remains well under 10 percent of SEV, which is often a benchmark used by credit rating agencies.

In October of 2001, Standard and Poor's gave the City of South Haven's General Obligation Debt an A- rating.

In December of 2002, Standard and Poor's and Fitch Ratings gave the City of South Haven's General Obligation Debt an A rating.

In December of 2006, Fitch Ratings gave the City of South Haven's General Obligation Debt an A+ rating.

In September of 2008 both Fitch Ratings and Standard and Poor's gave the City of South Haven's General Obligation Debt an A+ rating.

The Rating Committee of Moody's Investors Services reviewed and assigned an A3 rating for the City of South Haven Electric Utility System Revenue bonds in December 1999.

Based on a 2007 State Equalized Value (SEV) of \$489,288,200, the legal debt margin of the City for special assessment bonds exceeds \$58,000,000 and for general obligation bonds the legal debt margin is over \$37,000,000.

Cash Management. Cash temporarily idle during the year was invested in bank demand deposits, certificates of deposit, commercial paper, obligations of the U.S. Treasury, and U.S. Government agencies as permitted by State law and City policy. The maturities of investments generally range from 3 months to 10 years. The average yield on investments for the year was 3.98 percent, compared to 4.48 percent in fiscal year 2007. Investment income was \$668,523 for the year.

Risk Management. As of June 30, 2008, the City of South Haven participated in two public entity risk pools. The Michigan Municipal Risk Management Authority pool provided insurance coverage for liability, auto, crime, and property damage risks. The Michigan Municipal Liability and Property Pool provided coverage for workers' compensation.

Other Information

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Vredevelde Haefner LLC was selected by the City of South Haven to perform the June 30, 2008 audit. The auditors' report on the financial statements and combining and individual funds statements and schedules is included in the financial section of this report.

Awards. The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This is the ninth consecutive year the City received this award. In order to be awarded a Certificate of Achievement, the City of South Haven published an easily readable and efficiently

organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

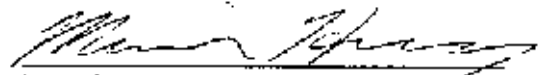
A Certificate of Achievement is valid for a period of one year only. We believe the current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and will submit it to the GFOA to determine eligibility for another certificate.

Acknowledgements. The preparation of these statements could not have been accomplished without the efficient and dedicated services of the entire staff of the City of South Haven. Credit should also be given to the South Haven City Council for their interest and support in planning and conducting the operations of the City of South Haven in a responsible and progressive manner.

Sincerely,



Paul Vandebosch, Acting City Manager



Marvin Hinga, Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Haven
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



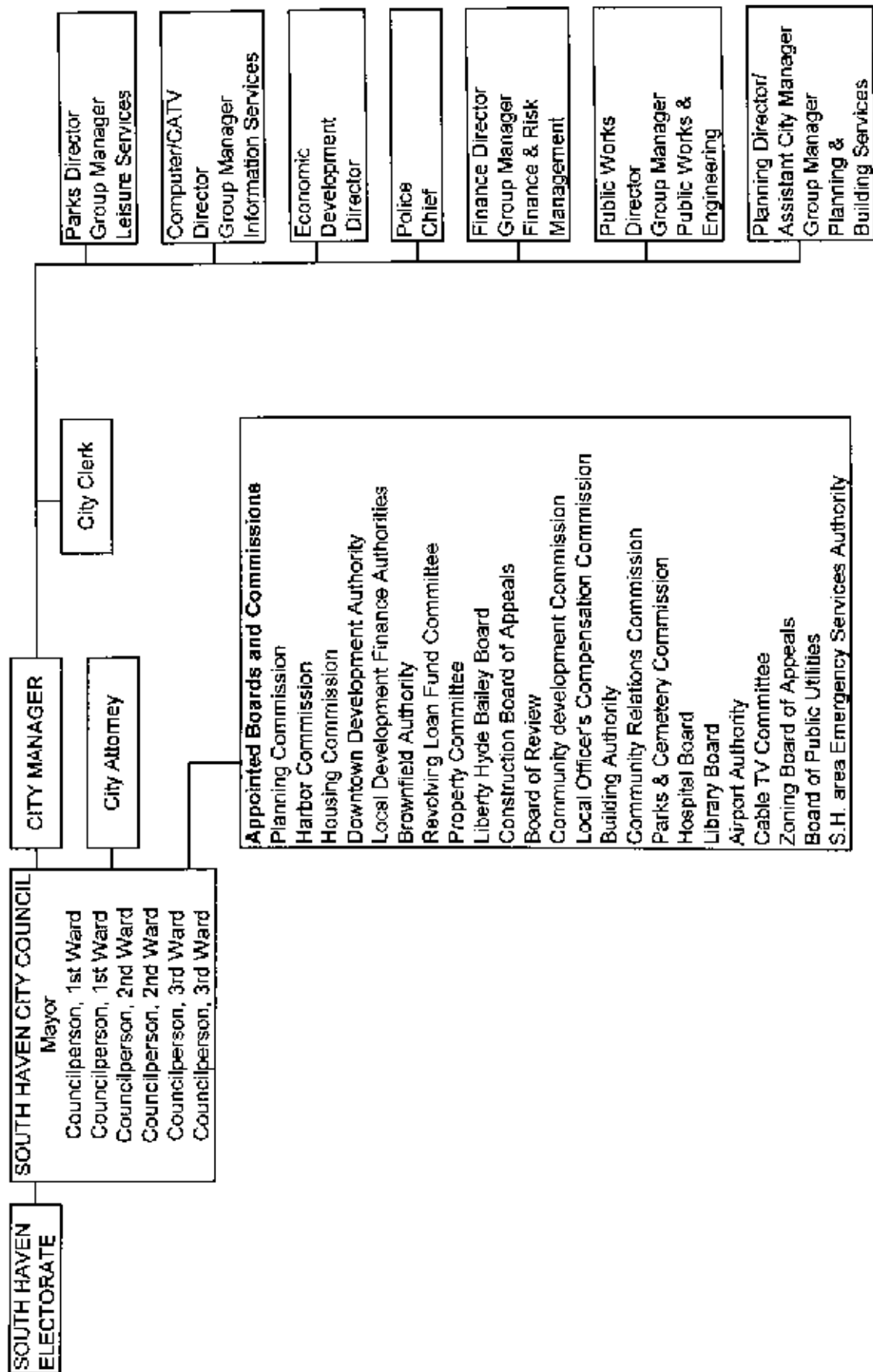
Oliver S. Cox

President

Jeffrey R. Enser

Executive Director

CITY OF SOUTH HAVEN Organizational Chart



City of South Haven, Michigan

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2008

City Officials at June 30, 2008

Dorothy Appleyard
Mayor

Scott Smith
Mayor Pro-Tem

Vikke Andersen
Councilmember

Donald Bemis
Councilmember

Susan Fitzgibbon
Councilmember

Ryan McCoy
Councilmember

Timothy Stegeman
Councilmember

Kevin P. Anderson
City Manager

Prepared by
City of South Haven
Finance Department



Vredeveld Haefner LLC

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Grand Rapids, MI 49534
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Douglas J. Vredeveld, CPA
(616) 448-7474

Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

October 28, 2008

Honorable Mayor and Members of the City Council
City of South Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan, (the "City") as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of South Haven, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of South Haven, Michigan as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplementary information required by generally accepted accounting principals in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Haven's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vredeveld Haefner LLC

Management's Discussion and Analysis

As management of the City of South Haven, we offer readers of the City of South Haven financial statements this narrative overview and analysis of the financial activities of the City of South Haven for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our transmittal letter, the financial statements and notes to the financial statements.

Financial Highlights

- The early call of the 1996 Building Authority Bonds
- Purchase of land for a regional recreation park
- Completion of reconstruction of infrastructure in the area of Eagle Street and Wells Street
- Rebuilding of large portions of the electric system
- Completion of Black River paving project
- Engineering and design work on a new water filtration plant

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of South Haven financial statements. The City of South Haven basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of South Haven finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of South Haven assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of South Haven is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of South Haven that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of South Haven include general government, public safety, public works, highways and streets, health and welfare, and recreation and culture. The business-type activities of the City of South Haven include electric, water, and sewer.

The government-wide financial statements include not only the City of South Haven itself (known as the *primary government*), but also legally separate component units for which the City of South Haven is financially accountable. Component units include the Downtown Development Authority, three Local Development Finance Authorities, and the Brownfield Redevelopment Authority. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Haven, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Haven can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of South Haven maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sewer Rehabilitation Capital Projects Fund, each of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of South Haven adopts an annual appropriated budget for its general, special revenue, and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 16-20 of this report.

Proprietary funds. The City of South Haven maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Haven uses enterprise funds to account for its Electric, Water and Sewer operations. *Internal service funds* are an accounting device used to

accumulate and allocate costs internally among the City of South Haven various functions. The City of South Haven uses an internal service fund to account for its Motor Pool, Information Services, and Self-insurance operations. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise operations of which Electric, Water, and Sewer are considered to be major funds of the City of South Haven.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of South Haven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statement can be found on page 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-46 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 47-49 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Haven, assets exceeded liabilities by \$40,800,422 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven net assets (66%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of South Haven uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of South Haven investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of South Haven Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 4,706,049	\$ 5,004,355	\$ 12,390,803	\$ 12,182,615	\$ 17,096,852	\$ 17,186,970
Capital assets	<u>19,527,766</u>	<u>18,788,129</u>	<u>21,183,346</u>	<u>20,702,154</u>	<u>40,711,112</u>	<u>39,490,283</u>
Total assets	<u>24,233,815</u>	<u>23,792,484</u>	<u>33,574,149</u>	<u>32,884,769</u>	<u>57,807,964</u>	<u>56,677,253</u>
Long-term liabilities outstanding	11,973,308	13,230,403	1,645,000	1,665,000	13,618,308	14,895,403
Other liabilities	<u>891,812</u>	<u>849,741</u>	<u>2,497,422</u>	<u>2,119,041</u>	<u>3,389,234</u>	<u>2,968,782</u>
Total liabilities	<u>12,865,120</u>	<u>14,080,144</u>	<u>4,142,422</u>	<u>3,784,041</u>	<u>17,007,542</u>	<u>17,864,185</u>
Net assets:						
Invested in capital assets, net of related debt	7,554,458	5,557,726	19,580,754	19,084,482	27,135,212	24,642,208
Restricted	1,160,293	1,733,705	265,024	231,900	1,425,317	1,965,605
Unrestricted	<u>2,653,944</u>	<u>2,430,909</u>	<u>9,585,949</u>	<u>9,784,346</u>	<u>12,239,893</u>	<u>12,205,255</u>
Total net assets	<u>\$ 11,368,695</u>	<u>\$ 9,712,340</u>	<u>\$ 29,431,727</u>	<u>\$ 29,100,728</u>	<u>\$ 40,800,422</u>	<u>\$ 38,813,068</u>

An additional part of the City of South Haven's net assets (3.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$12,239,893) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of South Haven is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the previous year.

The government's net assets increased by \$1,987,354 during the current fiscal year. This growth is due to property tax growth, county road millage revenue, capital asset purchases, payment on long-term debt and positive returns on enterprise fund activities.

Governmental activities

Governmental activities increased the City of South Haven's net assets by \$1,656,355, thereby accounting for 83% of the total growth in the net assets of the City of South Haven. Key elements in the change of net assets are as follows:

During the year a significant portion of governmental fund resources were utilized to purchase long-term capital assets and to pay down long-term debt. These long-term investments in combination with stable depreciation expense resulted in the current year increases.

Business-type activities

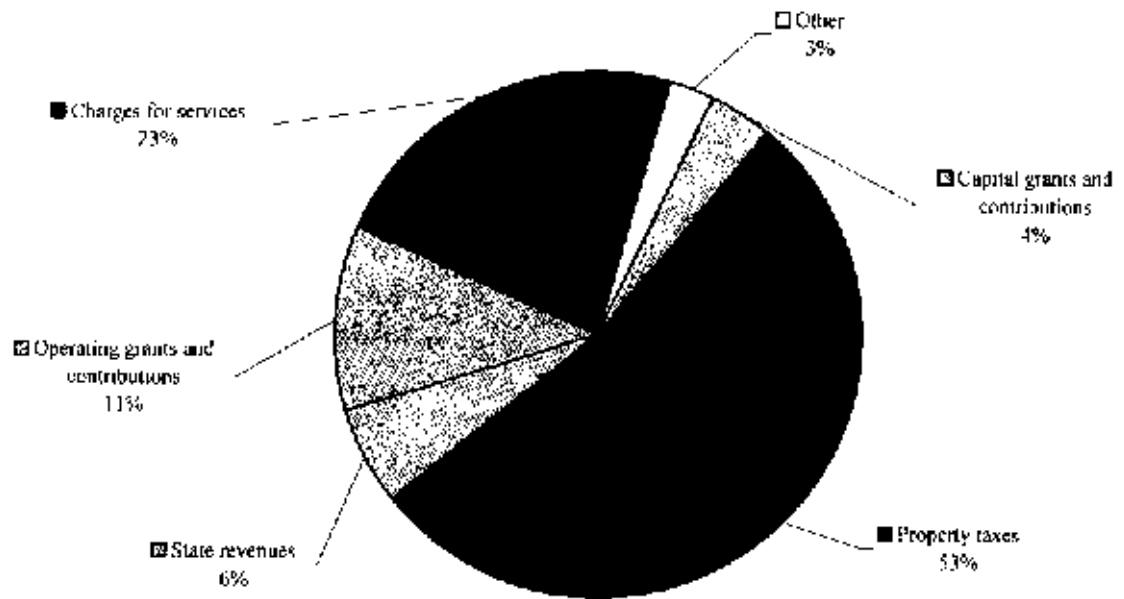
Business-type activities increased the City of South Haven's net assets by \$330,999, thereby accounting for 17% of the total growth in the net assets of the City of South Haven. Key elements of this increase are as follows:

The city utility funds (Water, Sewer and Electric) all had operating surpluses for the year.

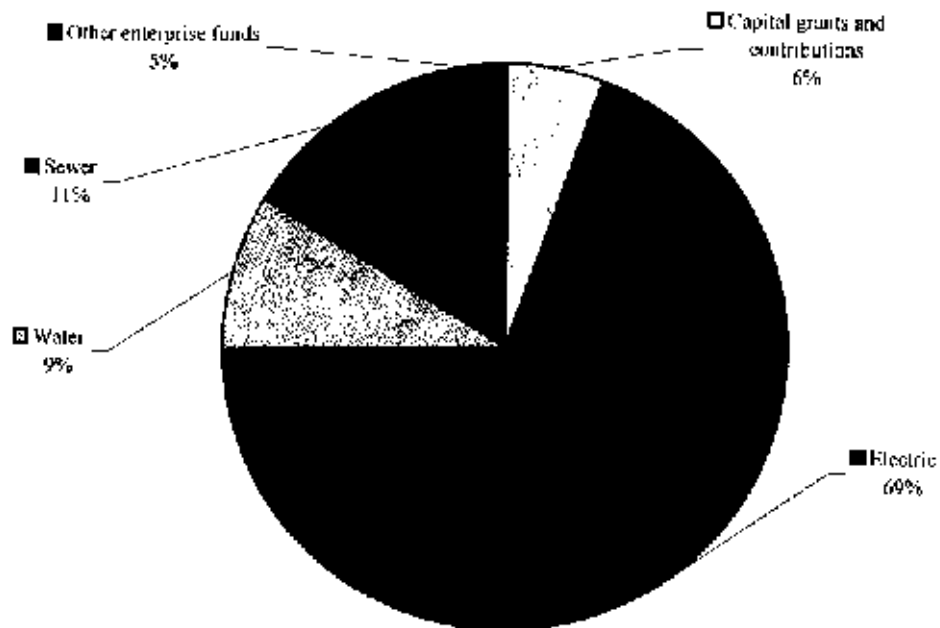
City of South Haven Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue:						
Program revenue						
Charges for service	\$ 1,817,672	\$ 2,055,773	\$ 16,441,404	\$ 15,198,384	\$ 18,259,076	\$ 17,254,157
Operating grants and contributions	914,256	1,359,329			914,256	1,359,329
Capital grants and contributions	318,022	580,822	968,077	590,456	1,286,099	1,171,278
General revenue:						
Property taxes	4,266,604	3,942,969	-	-	4,266,604	3,942,969
State	490,871	492,291	-	-	490,871	492,291
Other	216,847	205,571	376,651	399,913	593,498	605,484
Total revenue	<u>8,024,272</u>	<u>8,636,755</u>	<u>17,786,132</u>	<u>16,188,753</u>	<u>25,810,404</u>	<u>24,825,508</u>
Expenses:						
General government	954,567	1,379,519	-	-	954,567	1,379,519
Public safety	2,894,663	2,844,831	-	-	2,894,663	2,844,831
Public works	2,035,880	1,903,245	-	-	2,035,880	1,903,245
Health and welfare	727,626	572,440	-	-	727,626	572,440
Recreation and culture	577,925	530,509	-	-	577,925	530,509
Interest on long-term debt	538,351	537,006	-	-	538,351	537,006
Electric fund	-	-	12,020,477	10,217,612	12,020,477	10,217,612
Water fund	-	-	1,635,390	1,467,184	1,635,390	1,467,184
Sewer fund	-	-	1,614,760	1,458,392	1,614,760	1,458,392
Other enterprise funds	-	-	823,411	747,573	823,411	747,573
Total expenses	<u>7,729,012</u>	<u>7,767,550</u>	<u>16,094,038</u>	<u>13,890,761</u>	<u>23,823,050</u>	<u>21,658,311</u>
Transfers –						
Internal activities	618,363	681,153	(618,363)	(681,153)	-	-
Property tax equivalents	<u>742,732</u>	<u>723,267</u>	<u>(742,732)</u>	<u>(723,267)</u>	-	-
Increase (decrease) in net assets	1,656,355	2,273,625	330,999	893,572	1,987,354	3,167,197
Net assets – beginning of year	<u>9,712,340</u>	<u>7,438,715</u>	<u>29,100,728</u>	<u>28,207,156</u>	<u>38,813,068</u>	<u>35,645,871</u>
Net assets – end of year	<u>\$ 11,368,695</u>	<u>\$ 9,712,340</u>	<u>\$ 29,431,727</u>	<u>\$ 29,100,728</u>	<u>\$ 40,800,422</u>	<u>\$ 38,813,068</u>

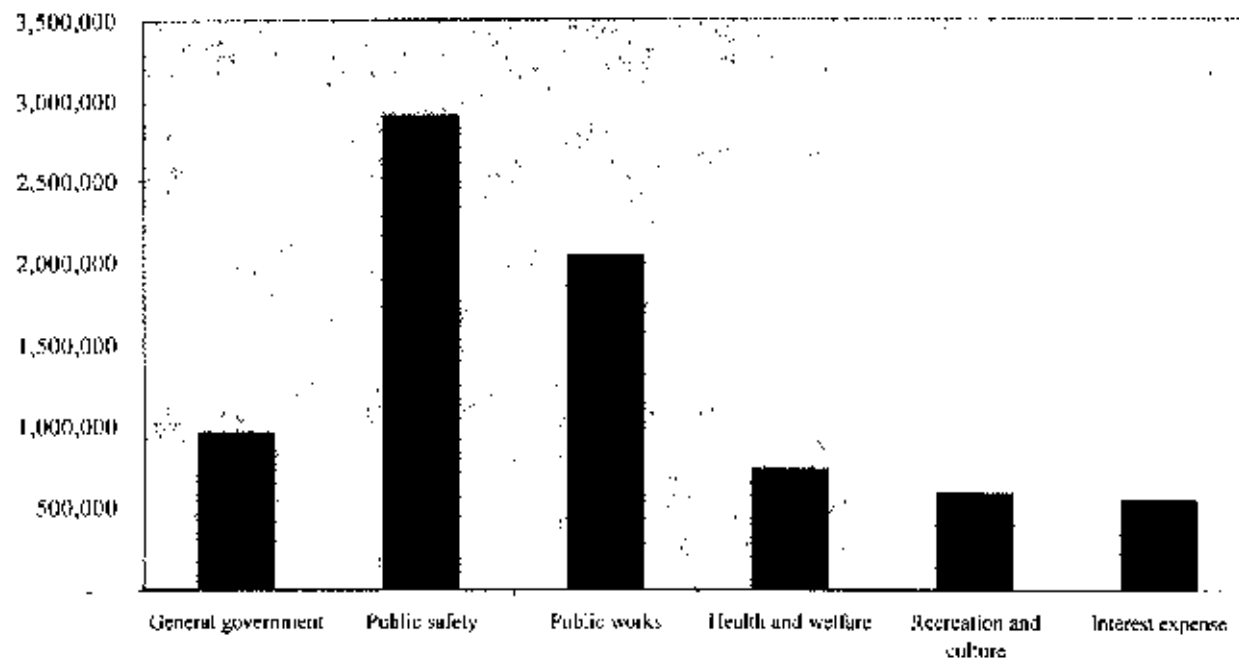
Revenues by Source - Governmental Activities



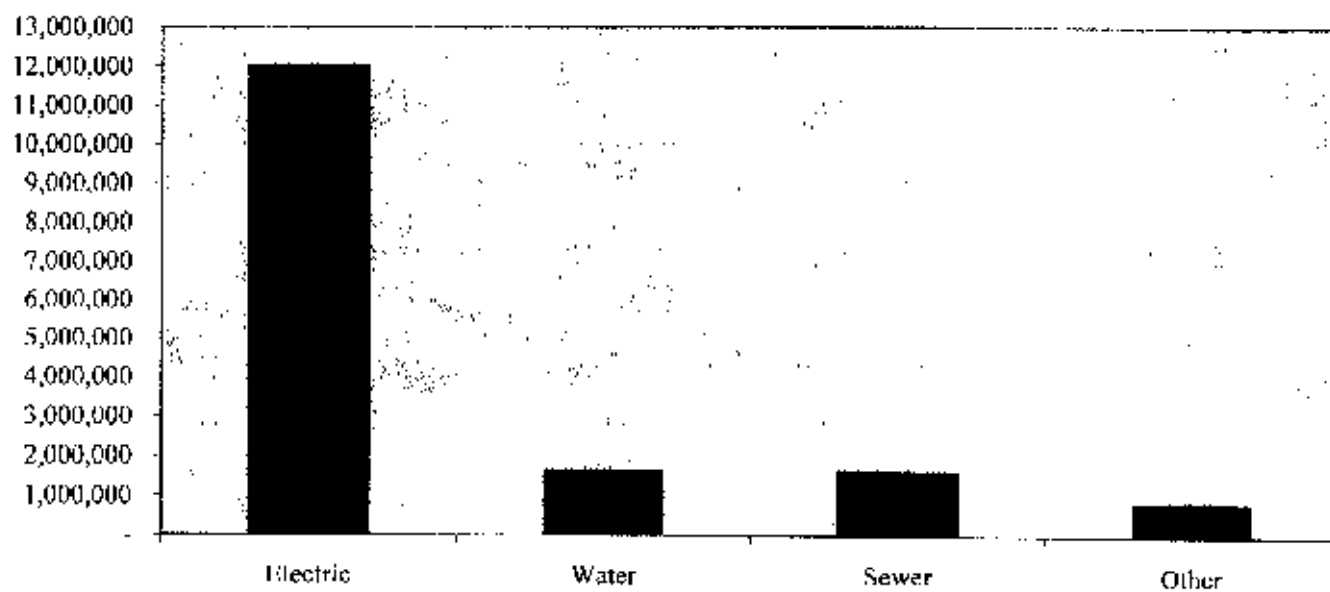
Revenues by Source - Business-type Activities



Expenses - Governmental Activities



Expenses - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of South Haven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of South Haven *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of South Haven financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

A surplus in the General Fund allowed money to be set aside for future capital projects. In addition, special assessment collections allowed repayment of governmental funds for previous construction projects. These factors resulted in a decrease in Governmental fund balances of \$134,877.

Proprietary funds. The City of South Haven proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary fund operations all resulted in an increase in net assets. Overall the net assets of the proprietary funds increased \$330,999.

General Fund Budgetary Highlights

There are minimal differences between the original budget and the amended budget.

Capital Asset and Debt Administration

City of South Haven Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 643,295	\$ 220,295	\$ 23,062	\$ 23,062	\$ 666,357	\$ 243,357
Land improvements	333,539	400,527	1,834,874	1,975,022	2,168,413	2,375,549
Building, equipment, and infrastructure, net	<u>18,550,932</u>	<u>18,167,307</u>	<u>19,325,410</u>	<u>18,704,070</u>	<u>37,876,342</u>	<u>36,871,377</u>
Total	<u>\$ 19,527,766</u>	<u>\$ 18,788,129</u>	<u>\$ 21,183,346</u>	<u>\$ 20,702,154</u>	<u>\$ 40,711,112</u>	<u>\$ 39,490,283</u>

Additional information on the City of South Haven capital assets can be found in note 7 of this report.

Long-Term Debt

City of South Haven Outstanding Debt General Obligation and Revenue Bonds						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 11,465,000	\$ 12,740,000	\$ -	\$ -	\$ 11,465,000	\$ 12,740,000
Revenue bonds	-	-	1,645,000	1,665,000	1,645,000	1,665,000
Other debt	<u>508,308</u>	<u>490,403</u>	-	-	<u>508,308</u>	<u>490,403</u>
Total	<u>\$ 11,973,308</u>	<u>\$ 13,230,403</u>	<u>\$ 1,645,000</u>	<u>\$ 1,665,000</u>	<u>\$ 13,618,308</u>	<u>\$ 14,895,403</u>

The City of South Haven's most recent general obligation bond issue had a rating of A from Standard & Poor's and a rating of A+ from Fitch Rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. The current debt limitation for the City of South Haven is \$42,050,510.

Additional information on the City of South Haven long-term debt can be found in note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

The economic factors utilized to create the 2009 budget included continued strong growth in the taxable value of city property and level state funding after several years of decline. In addition, the 2009 budget identifies local street paving and public safety as high priorities.

Requests for Information

This financial report is designed to provide a general overview of the City of South Haven finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marvin Hinga, Finance Director, 539 Phoenix Street, South Haven, Michigan 49090.

CITY OF SOUTH HAVEN
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 4,769,795	\$ 7,194,264	\$ 11,964,059	\$ 3,538,686
Accounts receivable	100,190	2,121,957	2,222,147	15,706
Prepaid items	78,898	175,579	254,475	-
Due from other governments	161,485	-	161,485	2,601
Due from other component units	-	-	-	150,000
Inventory	-	576,910	576,910	-
Internal balances	(404,317)	404,317	-	-
Advances to component unit	-	506,002	506,002	-
Special assessments receivable	-	1,146,750	1,146,750	-
Restricted cash and pooled investments	-	265,024	265,024	-
Capital assets				
Land	643,295	23,062	666,357	191,453
Construction in progress	-	350,473	350,473	-
Depreciable capital assets, net	18,884,471	20,809,811	39,694,282	-
Total assets	24,233,815	33,574,149	57,807,964	3,898,446
Liabilities				
Accounts payable	609,206	1,821,661	2,430,867	4,884
Accrued liabilities	262,606	232,959	515,565	241
Due to other component units	-	-	-	150,000
Advances from primary government	-	-	-	506,002
Customer deposits	-	190,679	190,679	-
Unearned revenue	-	294,531	294,531	-
Noncurrent liabilities				
Discount on bonds	-	(42,408)	(42,408)	-
Due within one year	839,899	130,000	969,899	27,208
Due in more than one year	1,133,409	1,515,000	2,648,409	183,657
Total liabilities	12,865,120	4,142,422	17,007,542	871,992
Net assets (deficit)				
Invested in capital assets, net of related debt	7,554,458	19,500,754	27,135,212	191,453
Restricted for				
Debt service	(360,638)	265,024	(95,614)	-
Streets	1,002,843	-	1,002,843	-
Garbage and refuse	61,950	-	61,950	-
Narcotics unit	77,794	-	77,794	-
Other projects	22,848	-	22,848	-
Capital projects	139,616	-	139,616	-
Permanent trust				
Cemetery - nonexpendable portion	132,245	-	132,245	-
Cemetery - expendable	83,635	-	83,635	-
Unrestricted	2,653,944	9,585,949	12,239,893	2,835,001
Total net assets	\$ 11,368,695	\$ 29,431,727	\$ 40,800,422	\$ 3,026,454

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities					
General government	\$ 954,557	\$ 1,016,588	\$ 107,500	\$ -	\$ 159,522
Public safety	2,894,653	314,410	18,161	-	(2,562,072)
Public works	2,035,880	449,264	752,011	283,395	(551,210)
Health and welfare	727,628	37,409	-	-	(690,217)
Culture and recreation	577,925	-	36,564	34,627	(506,734)
Interest on long-term debt	538,351	-	-	-	(538,351)
Total governmental activities	7,729,012	1,817,672	914,256	318,022	(4,679,062)
Business-type activities					
Electric utility	12,020,477	12,052,914	-	637,301	689,738
Water utility	1,635,390	1,554,130	-	271,834	190,574
Wastewater utility	1,614,760	1,960,927	-	58,942	405,109
Marina	468,509	544,396	-	-	75,887
Parks and beach	354,802	329,037	-	-	(25,865)
Total business-type activities	16,094,038	16,441,404	-	968,077	1,315,443
Total primary government	\$ 23,823,050	\$ 18,259,076	\$ 914,256	\$ 1,286,099	\$ (3,363,619)
Component units					
Downtown Development Authority	\$ 905,249	\$ -	\$ 4,916	\$ 120,000	\$ (781,333)
Local Development Finance Authority #1	231,024	-	-	-	(231,024)
Local Development Finance Authority #2	18,577	-	-	-	(18,577)
Local Development Finance Authority #3	46,381	-	-	-	(46,381)
Brownfield Redevelopment Authority	60,947	-	25,666	-	(35,282)
Total component units	\$ 1,263,178	\$ -	\$ 30,581	\$ 120,000	\$ (1,112,597)

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (4,679,062)	\$ 1,315,443	\$ (3,363,619)	\$ (1,112,597)
General revenues				
Property taxes	4,266,604	-	4,266,604	1,846,010
State shared revenues	490,871	-	490,871	-
Unrestricted investment earnings	175,827	375,551	552,478	117,256
Other general revenues	41,020	-	41,020	-
Property tax equivalent payments	742,732	(742,732)	-	-
Transfers - internal activities	618,363	(618,363)	-	-
Total general revenues and transfers	<u>6,335,417</u>	<u>(984,444)</u>	<u>5,350,973</u>	<u>1,863,274</u>
Change in net assets	1,656,355	330,999	1,987,354	850,677
Net assets, beginning of year	9,712,340	29,100,728	38,813,068	2,175,777
Net assets, end of year	<u>\$ 11,368,695</u>	<u>\$ 29,431,727</u>	<u>\$ 40,800,422</u>	<u>\$ 3,026,454</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2008

	General	Building Authority #1 Debt Service	Sewer Rehabilitation	Nonmajor Governmental Funds	Total
Assets					
Cash and pooled investments	\$ 1,989,180	\$ -	\$ 884	\$ 1,689,216	\$ 3,659,260
Accounts receivable	46,056	-	-	39,549	85,605
Accrued interest receivable	10,498	-	-	1,511	12,009
Prepaid items	78,896	-	-	-	78,896
Due from other funds	83,000	-	-	729,157	812,157
Due from other governments	93,353	-	-	68,132	161,485
Total assets	\$ 2,280,963	\$ -	\$ 884	\$ 2,527,565	\$ 4,809,412
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 211,461	\$ -	\$ -	\$ 83,313	\$ 294,774
Accrued liabilities	176,588	-	-	726	177,314
Due to other funds	-	404,317	635,000	177,157	1,216,474
Deferred revenue	25,445	-	-	37,839	63,084
Total liabilities	413,494	404,317	635,000	298,835	1,751,646
Fund balances (deficit)					
Reserved for					
Prepaid items	78,896	-	-	-	78,896
Permanent fund corpus	-	-	-	132,245	132,245
Unreserved					
Undesignated	1,768,573	(404,317)	(634,116)	-	750,140
Undesignated reported in nonmajor					
Special revenue funds	-	-	-	1,195,439	1,195,439
Debt service funds	-	-	-	43,679	43,679
Capital projects funds	-	-	-	773,732	773,732
Permanent funds	-	-	-	83,635	83,635
Total fund balances (deficit)	1,867,469	(404,317)	(634,116)	2,228,730	3,057,766
Total liabilities and fund balances	\$ 2,280,963	\$ -	\$ 884	\$ 2,527,565	\$ 4,809,412

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2008

Fund balances - total governmental funds	\$ 3,057,768
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Amounts reported for *governmental activities* in the statement of net assets
are different because

Capital assets used in governmental activities are not current financial resources
and therefore are not reported in the funds.

Add - land	643,295
Add - capital assets (net of accumulated depreciation)	17,827,469

Certain assets are not due and receivable in the current period and therefore are
offset with deferred revenue in the funds.

Add - long-term deferred receivables	63,084
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Internal service funds are used by management to charge the costs of centralized
services, to individual funds. The assets and liabilities of the internal service funds
are included in the governmental activities.

Add - net assets of governmental activities accounted for in the internal service funds	1,831,094
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Certain liabilities are not due and payable in the current period and therefore are
not reported in the funds

Deduct - compensated absences payable	(277,308)
Deduct - bonds payable	(11,695,000)
Deduct - accrued interest on bonds payable	<u>(80,705)</u>

Net assets of governmental activities	<u>\$ 11,368,695</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Building Authority #1 Debt Service</u>	<u>Sewer Rehabilitation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 3,489,582	\$ -	\$ -	\$ 953,434	\$ 4,443,016
Intergovernmental revenues					
State	481,799	-	-	443,084	924,883
Local	387	-	-	283,395	283,782
Licenses and permits	222,320	-	-	-	222,320
Charges for services	427,964	-	-	-	427,964
Fines	31,188	-	-	-	31,188
Special assessments	-	-	-	18,447	18,447
Investment earnings	131,730	4,572	-	65,213	201,515
Miscellaneous	372,597	234,230	-	926,560	1,533,387
Total revenues	<u>5,157,585</u>	<u>238,802</u>	<u>-</u>	<u>2,690,133</u>	<u>8,086,500</u>
Expenditures					
Current					
General government	1,101,488	-	-	-	1,101,488
Public safety	2,760,250	-	-	195,052	2,955,302
Public works	610,939	-	-	1,710,674	2,321,613
Health and welfare	172,256	-	-	580,604	752,860
Culture and recreation	451,166	-	-	31,626	482,792
Other	147,038	-	-	-	147,038
Debt service					
Principal	-	845,000	-	630,000	1,275,000
Interest	-	34,530	-	503,821	538,351
Total expenditures	<u>5,243,137</u>	<u>879,530</u>	<u>-</u>	<u>3,651,777</u>	<u>9,574,444</u>
Revenues over (under) expenditures	<u>(85,572)</u>	<u>(640,728)</u>	<u>-</u>	<u>(961,644)</u>	<u>(1,487,944)</u>
Other financing sources (uses)					
Property tax equivalent payments	742,732	-	-	-	742,732
Transfers in	-	-	190,867	1,327,583	1,518,450
Transfers out	(447,015)	-	-	(461,100)	(908,115)
Total other financing sources (uses)	<u>295,717</u>	<u>-</u>	<u>190,867</u>	<u>866,483</u>	<u>1,353,067</u>
Net changes in fund balances	<u>210,145</u>	<u>(440,728)</u>	<u>190,867</u>	<u>(95,161)</u>	<u>(134,877)</u>
Fund balances (deficit), beginning of year	<u>1,657,324</u>	<u>36,411</u>	<u>(824,983)</u>	<u>2,323,891</u>	<u>3,192,643</u>
Fund balances (deficit), end of year	<u>\$ 1,867,469</u>	<u>\$ (404,317)</u>	<u>\$ (634,116)</u>	<u>\$ 2,228,730</u>	<u>\$ 3,057,766</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Net changes in fund balances - total governmental funds	\$ (134,877)
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Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	1,461,559
Deduct - depreciation expense	(1,159,282)

Certain receivables are long-term in nature and are collectable over several years. However the current year's receipts are reflected as revenues on the fund statements.

Deduct - decrease in long-term receivables	(77,184)
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Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on debt	1,276,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	(17,905)
Add - decrease in accrued interest	6,323

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - Increase in net assets from the internal service funds	<u>302,711</u>
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Change in net assets of governmental activities	<u>\$ 1,656,355</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 3,380,002	\$ 3,390,661	\$ 3,489,582	\$ 98,921
Intergovernmental revenues				
State	472,935	472,935	481,799	8,864
Local	-	-	387	387
Licenses and permits	230,873	230,873	222,320	(8,553)
Charges for services	461,626	461,626	427,964	(33,662)
Fines	26,000	26,000	31,186	5,186
Special assessments	-	-	-	-
Investment earnings	75,000	75,000	131,730	56,730
Miscellaneous	364,129	366,325	372,597	6,272
Total revenues	<u>5,010,565</u>	<u>5,023,420</u>	<u>5,157,565</u>	<u>134,145</u>
Expenditures				
Current				
General government	1,145,468	1,204,768	1,101,488	103,280
Public safety	2,886,430	2,857,205	2,760,250	96,955
Public works	589,696	644,696	610,939	33,757
Health and welfare	167,741	175,123	172,256	2,867
Culture and recreation	413,718	426,816	451,166	(24,350)
Other	147,722	151,522	147,038	4,484
Total expenditures	<u>5,350,775</u>	<u>5,460,130</u>	<u>5,243,137</u>	<u>216,993</u>
Revenues over (under) expenditures	(340,210)	(436,710)	(85,572)	351,138
Other financing sources (uses)				
Property tax equivalent payments	742,732	742,732	742,732	-
Transfers out	(402,522)	(452,522)	(447,015)	5,507
Total other financing sources (uses)	<u>340,210</u>	<u>290,210</u>	<u>295,717</u>	<u>5,507</u>
Net changes in fund balance	-	(146,500)	210,145	356,645
Fund balance, beginning of year	<u>1,657,324</u>	<u>1,657,324</u>	<u>1,657,324</u>	-
Fund balance, end of year	<u>\$ 1,657,324</u>	<u>\$ 1,510,824</u>	<u>\$ 1,867,469</u>	<u>\$ 356,645</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

PROPRIETARY FUNDS STATEMENT OF NET ASSETS

JUNE 30, 2008

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		
Assets						
Current assets						
Cash and pooled investments	\$ 4,172,458	\$ 1,165,653	\$ 1,204,434	\$ 651,718	\$ 7,194,264	\$ 1,110,536
Accounts receivable	1,613,944	245,844	238,023	-	2,097,811	2,576
Accrued interest receivable	8,212	1,167	8,476	5,291	24,148	-
Due from other funds	191,728	-	-	404,317	596,045	-
Prepaid items	83,973	48,348	43,258	-	175,579	-
Inventory	447,155	122,404	7,351	-	576,910	-
Restricted cash and pooled investments	210,000	55,024	-	-	265,024	-
Total current assets	6,728,471	1,638,440	1,501,542	1,061,326	10,929,779	1,113,111
Non-current assets						
Special assessments receivable	77,000	454,250	605,500	-	1,146,750	-
Advances to component unit	372,408	-	-	133,596	506,002	-
Capital assets						
Land	1,001	8,394	7,331	5,336	23,062	-
Construction in progress	-	350,473	-	-	350,473	-
Buildings and equipment	2,897,088	4,536,273	4,374,200	113,713	11,721,274	571,148
Vehicles	-	-	-	-	-	2,126,524
Infrastructure	10,677,681	7,051,541	6,832,138	2,865,742	28,217,102	-
Less accumulated depreciation	(4,538,522)	(7,156,164)	(6,342,448)	(1,084,431)	(19,128,555)	(1,640,870)
Total non-current assets	9,288,654	6,056,767	5,476,721	2,013,956	22,836,098	1,057,002
Total assets	16,017,125	7,695,207	6,978,263	3,075,282	33,765,877	2,170,113
Liabilities						
Current liabilities						
Accounts payable	1,304,984	273,618	140,532	12,527	1,821,661	314,432
Accrued liabilities	123,599	49,823	52,374	7,293	232,969	24,587
Due to other funds	-	-	191,726	-	191,726	-
Unearned revenue	-	-	-	294,531	294,531	-
Customer deposits	189,173	1,500	-	-	190,673	-
Current portion of long-term debt	110,000	20,000	-	-	130,000	-
Total current liabilities	1,617,762	344,741	384,634	214,421	2,361,558	339,019
Long-term liabilities						
Discount on bonds	(36,337)	(5,071)	-	-	(42,408)	-
Bonds payable, net of current portion	1,190,000	335,000	-	-	1,515,000	-
Total long-term liabilities	1,143,663	328,929	-	-	1,472,592	-
Total liabilities	2,661,425	673,670	384,634	314,421	4,334,150	339,019
Net assets						
Investment in capital assets net of related debt	7,585,585	5,243,588	4,871,221	1,680,360	19,500,754	1,057,002
Restricted for:						
Revenue bond retirement	210,000	55,024	-	-	265,024	-
Unrestricted	6,260,116	1,722,925	1,722,408	880,501	9,585,949	774,092
Total net assets	\$ 13,055,700	\$ 7,021,537	\$ 6,593,529	\$ 2,760,861	\$ 29,431,727	\$ 1,831,094

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds				Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Enterprise Fund Total Internal Service Funds
Operating revenue					
Charges for services	\$ 11,868,485	\$ 1,439,480	\$ 1,848,038	\$ 176,598	\$ 15,332,701
Special assessments	77,000	72,548	58,942	-	208,490
Dock rental	-	-	-	694,348	694,348
Other	104,429	281,800	112,889	2,387	581,606
Total operating revenue	12,129,914	1,793,828	2,019,869	873,433	18,817,044
Operating expense					
Operating costs and expenses	1,624,457	1,441,494	1,381,262	676,976	15,124,189
Depreciation	331,786	174,043	227,533	146,436	880,598
Total operating expense	11,956,242	1,616,337	1,608,795	823,411	16,004,785
Operating income (loss)	173,672	177,491	411,074	50,022	812,259
Non-operating revenue (expense)					
Investment earnings	192,184	58,488	64,608	5,371	376,651
Interest expense	(64,235)	(18,053)	(5,965)	-	(88,253)
Total non-operating revenue (expense)	127,949	40,435	58,643	5,371	287,398
Income (loss) before other items	301,621	226,926	469,717	101,393	1,099,557
Transfers and other items					
Property tax equivalent payments	(545,900)	(74,100)	(80,247)	(42,425)	(742,732)
Contribution in aid of construction	560,301	32,138	-	-	592,437
Transfers in	-	-	-	-	-
Transfers out	(209,135)	(82,304)	(308,563)	(18,361)	(618,363)
Total transfers and other items	(194,734)	(124,328)	(388,810)	(60,786)	(668,658)
Changes in net assets	106,887	102,598	80,907	40,607	330,999
Net assets, beginning of year	12,948,913	6,913,838	6,612,722	2,720,254	29,100,726
Net assets, end of year	\$ 13,055,700	\$ 7,021,537	\$ 6,693,629	\$ 2,760,861	\$ 28,431,727

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,103,682
Receipts from customers and users	1,821,968	1,758,128	2,056,609	900,596	16,536,322	-
Payments to employees	(888,318)	(938,737)	(480,702)	(225,036)	(2,330,794)	(155,297)
Payments to suppliers	(1,040,648)	(998,554)	(922,302)	(475,101)	(12,536,605)	(480,074)
Net cash provided by (used in) operating activities	395,021	421,838	653,605	200,459	1,670,923	487,381
Cash flows from non-capital financing activities						
Due to other funds	-	-	(21,303)	-	(21,303)	-
Due from other funds	21,303	-	-	(404,317)	(383,014)	-
Property tax equivalents	(545,900)	(74,150)	(80,247)	(42,425)	(742,722)	-
Transfers in	-	-	-	-	-	9,028
Transfers out	(708,135)	(82,304)	(308,563)	(16,361)	(615,363)	-
Net cash provided by (used in) non-capital financing activities	(733,732)	(156,454)	(410,113)	(465,103)	(1,765,412)	9,028
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	-	-	-	38,165
Interest expense	(59,786)	(18,583)	(5,905)	-	(84,333)	-
Contribution in aid of construction	560,801	32,136	-	-	592,437	-
Principal on bonds and notes	-	(20,000)	-	-	(20,000)	-
Acquisitions of capital assets	(948,955)	(357,618)	(50,216)	-	(1,356,789)	(388,852)
Net cash provided by (used in) capital and related financing activities	(448,430)	(389,063)	(56,126)	-	(873,886)	(388,852)
Cash flows from investing activities						
Interest income	204,389	71,409	61,135	47,378	384,300	14,868
Payments received on advance to component unit	156,208	-	-	-	156,208	71,176
Advance to component unit	-	-	-	(3,978)	(3,978)	-
Net cash provided by (used in) investing activities	360,687	71,409	61,135	43,398	536,629	86,044
Net increase (decrease) in cash and pooled investments	(420,403)	(32,283)	248,447	(221,246)	(431,545)	203,076
Cash and pooled investments, beginning of year	4,808,922	1,252,960	955,837	877,964	7,895,683	907,450
Cash and pooled investments, end of year	\$ 4,388,459	\$ 1,220,677	\$ 1,204,434	\$ 656,718	\$ 7,465,838	\$ 1,110,526
Cash flows from operating activities						
Operating income (loss)	\$ 173,872	\$ 177,451	\$ 411,074	50,022	\$ 812,359	\$ 278,717
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	331,755	174,843	227,533	140,435	874,566	185,409
Change in operating assets and liabilities which provided (used) cash						
Receivables	(307,836)	(34,689)	38,740	-	(303,865)	(2,576)
Prepaid expenses	(22,304)	(12,635)	(11,108)	-	(46,047)	-
Inventory	(57,659)	13,141	2,368	-	(42,460)	-
Accounts payable	275,888	122,881	(9,564)	(9,933)	379,362	6,266
Accrued liabilities	(21,829)	(20,794)	(2,937)	(13,228)	(58,488)	(1,425)
Customer deposits	24,274	1,500	-	-	25,774	-
Deferred revenue	-	-	-	27,163	27,163	-
Net cash provided by (used in) operating activities	\$ 395,021	\$ 421,838	\$ 653,605	\$ 200,459	\$ 1,670,923	\$ 487,381

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2008

	<u>Total</u>
Assets	
Cash and pooled investments	\$ 124,147
Total assets	<u>\$ 124,147</u>
 Liabilities	
Accounts payable	\$ 51,885
Deposits	51,586
Due to other governmental units	<u>20,676</u>
Total liabilities	<u>\$ 124,147</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2008

	Downtown Development Authority	Local Development Finance Authority #1	Local Development Finance Authority #2	Local Development Finance Authority #3	Brownfield Redevelopment Authority	Total
Assets						
Cash and pooled investments	\$ 140,543	\$ 1,352,448	\$ 116,863	\$ 664,041	\$ 1,263,701	\$ 3,530,606
Accounts receivable	-	3,121	227	353	1,995	5,706
Due from other component units	-	150,000	-	-	-	150,000
Due from other governments	791	-	-	-	1,810	2,601
Capital assets not being depreciated	-	-	55,373	138,080	-	193,453
Total assets	141,334	1,506,569	172,553	802,424	1,277,506	3,898,446
Liabilities						
Accounts payable	617	4,067	-	-	-	4,684
Accrued liabilities	135	64	-	42	-	241
Due to other component units	-	-	-	150,000	-	150,000
Advances from primary government	506,002	-	-	-	-	506,002
Long-term debt						
Due within one year	-	-	-	27,206	-	27,206
Due in more than one year	-	-	-	183,657	-	183,657
Total liabilities	506,954	4,131	-	360,903	-	871,992
Net assets						
Invested in capital assets, net of related debt	-	-	55,373	138,080	-	193,453
Unrestricted (deficit)	(365,620)	1,502,438	117,180	333,497	1,277,506	2,885,001
Total net assets (deficit)	\$ (365,620)	\$ 1,502,438	\$ 172,553	\$ 439,577	\$ 1,277,506	\$ 3,026,454

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Downtown Development Authority</u>	<u>Local Development Finance Authority #1</u>	<u>Local Development Finance Authority #2</u>	<u>Local Development Finance Authority #3</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
Expenses						
Community development	\$ 905,249	\$ 231,324	\$ 18,577	\$ 46,381	\$ 60,947	\$ 1,253,178
Total expenses	<u>905,249</u>	<u>231,324</u>	<u>18,577</u>	<u>46,381</u>	<u>60,947</u>	<u>1,263,178</u>
Revenues						
Program revenues						
Operating grants and contributions	4,910	-	-	-	25,865	30,581
Capital grants	123,000	-	-	-	-	120,000
General revenues						
Property taxes	1,155,315	377,155	34,187	187,683	91,668	1,846,018
Unrestricted investment earnings	6,308	39,164	3,514	18,583	47,707	117,256
Total revenues	<u>1,289,535</u>	<u>416,329</u>	<u>37,701</u>	<u>206,246</u>	<u>165,040</u>	<u>2,113,855</u>
Change in net assets	382,280	185,006	19,124	159,865	104,033	850,877
Net assets (deficit), beginning of year	<u>(747,910)</u>	<u>1,317,133</u>	<u>150,429</u>	<u>279,712</u>	<u>1,733,413</u>	<u>2,175,777</u>
Net assets (deficit), end of year	<u>\$ (365,620)</u>	<u>\$ 1,502,139</u>	<u>\$ 172,553</u>	<u>\$ 439,577</u>	<u>\$ 1,277,506</u>	<u>\$ 3,026,454</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of South Haven, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City. A separate section of the Basic Financial Statements provides detailed financial information on the discretely presented component units.

Blended Component Unit

The South Haven Building Authority — The members of the governing board of the Building Authority are appointed by the City Council. The City has significant influence over operations of the Building Authority and is also accountable for its fiscal matters. The Building Authority provides services exclusively to the City.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include the financial data of the Downtown Development Authority (DDA), three Local Development Finance Authorities (LDFA) and a Brownfield Redevelopment Authority. These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

The DDA was created to correct and prevent deterioration in the downtown area, encourage historical preservation and promote economic growth within downtown. The DDA governing body consists of nine individuals that are appointed by the City's mayor and confirmed by City Council.

The LDFA's were formed to develop a program of ongoing industrial development, retention and expansion, reclamation of vacant industrial buildings and sites, environmental corrections, industrial park expansion, infrastructure improvements, as well as industrial and community promotion. Seven of the ten members of each of the LDFA's governing bodies are appointed by City Council, two are selected by the South Haven School Board and one by Van Buren County.

The Brownfield Redevelopment Authority accounts for captured tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for brownfield cleanup. The City Council appoints the governing body of the Brownfield Redevelopment Authority.

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

The budgets of these Authorities must be approved by the City Council, and the City has the ability to significantly influence their operations. Financial statements are not separately issued for the component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for shared costs, equipment utilization, and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Building Authority #1 Debt Service Fund* is used to account for debt service payments on the 1996 Building Authority bonds.

The *Sewer Rehabilitation Capital Projects Fund* accounts for resources used for major infrastructure improvements related to the St. Joseph and Ravines projects.

The City reports the following major proprietary funds:

The *Electric Utility Enterprise Fund* is used to account for electric services provided to the residences and businesses of the City and surrounding area on a user charge basis.

The *Water Utility Enterprise Fund* is used to account for the operations of the City's water department that provides water services to most residents of the City and surrounding area on a user charge basis.

The *Sewer Utility Enterprise Fund* is used to account for the operations of the City's sewer department that provides sewer services to most residents of the City and surrounding area on a user charge basis.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental activities.

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

The *Capital Projects Funds* account for the accumulation and disbursement of resources for the construction of governmental activities capital projects.

The *Permanent Fund* is used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Enterprise Funds* are used to account for self-supporting operations of the City that are financed by charges for the services provided.

The *Internal Service Funds* are used to account for shared services, equipment usage, and insurance coverage provided to the City departments and funds on a cost reimbursement basis.

The *Agency Funds* are used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

Private-sector standards for accounting and financial reporting issued prior to December 1, 1989, generally are followed by both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general, special revenue, and debt service funds. General, special revenue, and debt service funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first City Council meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general, special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriations lapse at fiscal year end.

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Council. The City Manager is authorized to transfer budgeted amounts within a department subject to the condition that the total expenditures do not exceed the approved appropriations by department. Thus the legal level of budgetary control is at the department level. Supplemental appropriations were necessary during the year.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

Investments

Investments are stated at fair value at the balance sheet date.

City investment policy allows for all investment authorized by State statutes. State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Special Assessments Receivable

Special assessments receivable consist of long-term receivables from customers and benefited parties for various water and sewer improvement projects.

Inventory and Prepaid Items

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory in governmental funds is immaterial. Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Cash and Pooled Investments

Restricted balances represent required reserves for the payment of principal and interest on outstanding bonds as well as other reserves required by bond agreements.

Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (infrastructure utilizes \$10,000 or more) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes only assets added since 1945.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	20-50
Equipment	5-30
Public domain infrastructure	20-40
System infrastructure	20-50

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Deferred Revenue

Funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the funds were as follows:

Governmental funds	
Delinquent personal property taxes	\$ 33,291
Housing loans receivable	29,793
	<hr/>
Total governmental funds	63,084
Proprietary funds	
Unearned rent	294,531
	<hr/>
	\$357,615

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Compensated Absences

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation, paid time off (PTO), and sick leave under formulas and conditions specified in the contracts. Accumulated compensated absences of governmental funds is recorded on the statement of net assets and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net assets of the individual enterprise funds.

Grants and Other Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as due from other governments and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Property Taxes

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 19. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the applicable county for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collect on behalf of other taxing units is accounted for in the agency funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Changes between enterprise funds and other functions of the City are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers. Payments from the utility funds to the general fund are required by City charter and are captioned "property tax equivalent payments" and are equivalent to operating transfers.

2. DEFICIT FUND BALANCE/NET ASSETS

At June 30, 2008 the City had deficit fund balances/net assets as follows.

Building Authority #1 debt service	\$404,317
Sewer rehabilitation	634,116
Nonmajor special revenue fund	
River maintenance	73,745
Nonmajor capital projects fund	
Ice rink and pavilion	82,130
Component Unit	
Downtown Development Authority	365,620

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity level.

During the year ended June 30, 2008, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Culture and recreation			
Parks	\$225,257	\$251,796	\$(26,539)
Other			
Miscellaneous	19,650	19,699	(49)
River Maintenance fund			
Health and welfare	203,750	204,748	(998)

4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and pooled investments	\$11,964,059	\$3,538,686	\$124,147	\$15,626,892
Restricted cash and pooled investment	265,024	-	-	265,024
	<u>\$12,229,083</u>	<u>\$3,538,686</u>	<u>\$124,147</u>	<u>\$15,891,916</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$6,379,342 of the City's bank balance of \$12,693,916 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following deposits and investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Mutual fund accounts	N/A	\$ 261,169	Unrated	
Commercial paper				
Fountain Square	9/17/08	633,223	A1P1	S&P
Nissan	7/23/08	334,284	A2P2	S&P
Covidien	8/13/08	334,371	A2P2	
Municipal bonds				
Genesee County Michigan	11/1/09	100,000	AAA	S&P
Kent County Michigan	3/1/10	550,000	AAA	S&P
Government Securities various call dates				
FNMA	11/14/11	150,000	AAA	S&P
FHLB	6/19/13	40,000	AAA	S&P
FNMA	3/9/20	74,760	AAA	S&P
FHLB	11/15/22	250,000	AAA	S&P
FNMA	6/30/23	200,000	AAA	S&P
FNMA	4/10/23	200,000	AAA	S&P
		<u>\$3,127,807</u>		

The above investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

Investment and deposit risk

Interest Rate Risk. State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above \$3,127,807 of investments, the City has a custodial credit risk of \$2,866,638 because the related securities are

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

Concentration of Credit Risk State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of individual funds at June 30, 2008 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>				<u>Total</u>
	<u>Sewer Rehabilitation</u>	<u>Building Authority #1 Debt Service</u>	<u>Sewer Utility</u>	<u>Nonmajor governmental funds</u>	
General fund	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
Nonmajor governmental funds	635,000	-	-	94,157	729,157
Electric Utility	-	-	191,728	-	191,728
Nonmajor enterprise funds	-	404,317	-	-	404,317
Total	\$635,000	\$404,317	\$191,728	\$177,157	\$1,408,202

Interfund balances reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

6. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2008 are as follows:

<u>Transfer out</u>	<u>Transfers in</u>			<u>Total</u>
	<u>Sewer Rehabilitation</u>	<u>Nonmajor governmental</u>	<u>Internal Service</u>	
General fund	\$ -	\$ 447,015	\$ -	\$ 447,015
Nonmajor governmental	-	461,100	-	461,100
Electric Utility	-	201,107	8,028	209,135
Water Utility	82,304	-	-	82,304
Sewer Utility	108,563	200,000	-	308,563
Nonmajor enterprise	-	18,361	-	18,361
Total	\$190,867	\$1,327,583	\$8,028	\$1,526,478

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

7. CAPITAL ASSETS

Capital asset activity for the year was as follows.

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 220,295	\$ 423,000	\$ -	\$ 643,295
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	220,295	423,000	-	643,295
Capital assets, being depreciated				
Land improvements	2,551,406	-	-	2,551,406
Buildings and improvements	6,459,171	-	-	6,459,171
Vehicles	1,739,720	614,070	(227,266)	2,126,524
Machinery and equipment	1,502,058	29,806	(114,275)	1,417,589
Infrastructure	28,162,810	1,032,210	-	29,195,020
Total capital assets, being depreciated	40,415,165	1,676,086	(341,541)	41,749,710
Less accumulated depreciation for				
Land improvements	2,150,879	118,066	-	2,268,945
Buildings and improvements	2,038,781	179,086	-	2,217,867
Vehicles	1,241,553	152,922	(218,416)	1,176,059
Machinery and equipment	1,042,792	88,411	(108,347)	1,022,856
Infrastructure	16,373,325	806,186	-	16,179,512
Total accumulated depreciation	21,847,331	1,344,671	(326,763)	22,865,239
Net capital assets, being depreciated	18,567,834	331,415	(14,778)	18,884,471
Governmental Activities capital assets, net	\$18,788,129	\$ 754,415	(14,778)	\$19,527,766
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 23,062	\$ -	\$ -	\$ 23,062
Construction in Progress	-	350,473	-	350,473
Total capital assets, not being depreciated	23,062	350,473	-	373,535
Capital assets being depreciated				
Land improvements	2,920,308	-	-	2,920,308
Buildings and improvements	10,571,440	50,215	-	10,621,655
Machinery and equipment	1,087,473	12,146	-	1,099,619
Utility system	24,347,839	948,955	-	25,296,794
Total capital assets, being depreciated	38,927,060	1,011,316	-	39,938,376
Less accumulated depreciation for				
Land improvements	945,286	140,148	-	1,085,434
Buildings and improvements	4,880,032	208,668	-	5,088,700
Machinery and equipment	730,196	57,690	-	787,886
Utility system	11,692,455	474,090	-	12,166,545
Total accumulated depreciation	18,247,969	880,596	-	19,128,565
Net capital assets, being depreciated	20,679,091	130,720	-	20,809,811
Business-type Activities capital assets, net	\$20,702,153	\$ 481,193	\$ -	\$21,183,346

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Component units				
Local Development Finance Authority #2				
Capital assets not being depreciated				
Land	\$ 55,373	\$ -	\$ -	\$ 55,373
Local Development Finance Authority #3				
Capital assets not being depreciated				
Land	\$136,080	\$ -	\$ -	\$136,080

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 75,474
Public safety	58,312
Public works	898,468
Health and welfare	3,071
Culture and recreation	123,937
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	<u>185,409</u>
Total depreciation expense - governmental activities	<u>\$1,344,671</u>
Business-type Activities	
Electric	\$331,785
Water	174,843
Sewer	227,533
Nonmajor enterprise funds	<u>145,435</u>
Total depreciation expense - business- type activities	<u>\$880,596</u>

8. PENSION PLANS

Defined Contribution Pension Plan

The City of South Haven provides a defined contribution plan pension plan, which provides pension benefits to select employees by contract. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate vests 100% upon employment. The City contributes 15% of participant's base salary to the plan. The plan provisions and contribution amounts were established by City Council and may be amended by City Council. The plan is administered by the ICMA. The City's contribution of \$15,308 was calculated using the base salary amount of \$102,054.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

Defined Benefit Plan

Plan Description

Certain bargaining units of the City participate in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, MI 48917 or by calling (800) 767-6377.

The City is required to contribute at an actuarially determined rate, which for the current year was from 0% to 1.08% of annual covered payroll depending on position. Participating employees are required to contribute from 0% to 9% percent of gross wages to the Plan based on position. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

For the year ended June 30, 2008, the City's annual pension cost of \$25,189 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually based on inflation, plus from 0% to 8.4% based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The difference in investment income between expected return and market return is recognized over a ten year period at the rate of 10% per year. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/06	\$ -	100%	-
6/30/07	13,238	100%	-
6/30/08	25,189	100%	-

Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/05	\$19,688,262	\$16,377,250	\$(3,311,012)	120%	\$3,401,815	(97)%
12/31/06	20,471,936	17,490,900	(2,981,036)	117%	3,577,067	(83)%
12/31/07	21,344,649	18,277,868	(3,066,781)	117%	3,618,524	(85)%

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

9. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Governmental Activities					
Building Authority Bonds, Series 1998 Limited Tax General Obligation, due in annual installments of \$95,000 to \$245,000 through June 2010, plus interest at 4.10% to 5.40%	\$ 645,000	\$ -	\$645,000	\$ -	\$ -
Building Authority Bonds, Series 2001 Limited Tax General Obligation, due in annual installments of \$125,000 to \$275,000 through November 2021, plus interest at 3.25% to 4.50%	3,030,000	-	145,000	2,885,000	155,000
2003 Limited Tax General Obligation Capital Improvement Bonds, due in annual installments of \$150,000 to \$380,000 through May 2027, plus interest at 2.50% to 4.625%	5,070,000	-	165,000	4,905,000	170,000
2007 General Obligation Capital Improvement Bonds, due in annual installments of \$50,000 to \$105,000 through November 2027, plus interest at 3.75% to 4.15%	1,500,000	-	50,000	1,450,000	55,000
Downtown Development Refunding Bonds, Series 2001, Limited Tax General Obligation, due in annual installments of \$100,000 to \$360,000 through May 2015, plus interest at 3.25% to 4.5%	2,495,000	-	270,000	2,225,000	280,000
DEQ Brownfield loan due in annual installments of \$25,212 beginning in 2010 through April 2019, including interest at 2.0%	231,000	-	-	231,000	-
Total	12,971,000	-	1,275,000	11,696,000	660,000
Accrued employee benefits	259,403	277,308	259,403	277,308	179,899
Total Governmental Activities	\$13,230,403	\$277,308	\$1,534,403	\$11,973,308	\$839,899

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Business-type Activities					
Electric Utility System Revenue Bonds, series 1996, due in annual installments of \$85,000 to \$180,000 through October, 2016; plus interest at 4.25% to 7.25%. (these bonds were partially called in previous years)	\$1,290,000	\$ -	\$ -	\$1,290,000	\$110,000
Water Supply System Revenue Bonds, series 2001, due in semi-annual installments of \$15,000 to \$35,000 through April 2021; plus interest at 3.8% to 5.35%	375,000	-	20,000	355,000	20,000
Total Business-type Activities	\$1,665,000	\$ -	\$20,000	\$1,645,000	\$130,000
Component Unit - Local Development Finance Authority #3					
2004 MEDC/CDBG Loan Repayment, payable in quarterly installments of \$6,802, through April 2016, non-interest bearing	\$238,073	\$ -	\$27,208	\$210,865	\$27,208

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2008 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 660,000	\$ 480,388	\$ 130,000	\$ 79,258	\$ 27,208	\$ -
2010	710,212	456,196	140,000	72,223	27,208	-
2011	731,097	434,500	145,000	64,646	27,208	-
2012	756,518	406,241	160,000	56,575	27,208	-
2013	791,949	375,959	165,000	47,838	27,208	-
2013-2017	3,326,506	1,397,811	800,000	109,893	74,825	-
2018-2022	2,894,718	749,768	105,000	11,214	-	-
2023-2027	1,825,000	202,378	-	-	-	-
Total	\$11,696,000	\$4,503,241	\$1,645,000	\$441,647	\$210,865	\$ -

The Downtown Development Authority has pledged future tax increment revenue for the payment of the City Downtown Development Refunding Bonds series 2001. At June 30, 2008 remaining principal and interest on the bonds was \$2,632,135 payable through 2015. During the current year tax increment revenue of approximately \$375,000 of the \$474,455 tax increment revenue available was captured to make payment of principal and interest payments of approximately \$375,000.

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

10. ADVANCES BETWEEN FUNDS AND COMPONENT UNITS

Advances receivables and payables at June 30, 2008 were as follows:

<u>Receivable fund</u>	<u>Payable component unit</u>	
	<u>Downtown Development Authority</u>	<u>Total</u>
Electric Utility	\$372,406	\$372,406
Nonmajor enterprise funds	133,596	133,596
Total	\$506,002	\$506,002

Advances represent long-term loans between the City funds and component units primarily to provide cash flow for projects which will be repaid with future revenues.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The city participates in the Michigan Municipal League (MML) risk pool program for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority (MMRMA) for other claims.

The MML risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The MMRMA risk pool operates as a claims servicing pool for the amount up to member risk retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Payments are made to the MMRMA which include additions to available member retention balances and premiums to cover the costs of operations and the purchase of reinsurance. The City is self insured for the first \$75,000 of each claim. Statement No. 10 of the Governmental Accounting Standards Board requires that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Liabilities for claims and claims incurred but not reported have been recorded on the financial statements as a reduction of available member retention balances included in the various funds.

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year. The changes in the claims liability for the years ended June 30, 2008 and 2007 are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2007	\$14,279	\$50,731	\$23,901	\$41,109
2008	41,109	(16,620)	12,312	12,177

CITY OF SOUTH HAVEN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

12. OTHER POST EMPLOYMENT BENEFITS

The City provides one half of the required monthly premium for single subscriber health insurance coverage under the group insurance plan for retirees not eligible for Medicare who elect to continue participation in the plan. Currently there are 7 retirees participating in the plan. The city recognized the cost of the post employment health care benefits when the payments are made. During 2008, the amount expended for post employment benefits was \$20,071.

13. JOINT VENTURE

The City participates in the South Haven Area Emergency Services Authority (SHAES) a joint venture of the City and surrounding townships which provides fire and emergency medical services to participating municipalities. Contribution requirements for participating municipalities are based on budgeted costs and the value of property located within each municipality. For the current year the City provided \$462,940 for the aforementioned services. During the most recent fiscal year SHAES reporting an increase in net assets of \$215,566.

Complete financial statements for SHAES may be obtained at the administrative offices.

South Haven Area Emergency Services Authority
930 Blue Star Highway
South Haven, MI 49090

14. COMMITMENTS

During June 30, 2008, the City had remaining commitments on contracts for street reconstruction, park improvements and electric system improvements totaling approximately \$1,600,000.

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2008, the City approved contracts for various projects throughout the City including electric system improvements totaling approximately \$1,390,000 and wastewater treatment plant building improvements of \$497,000.

The City is also in the process of issuing its general obligation capital improvement bonds totaling \$10,000,000 for construction of a new water treatment plant. Initial contracts related to the construction engineering and building construction related to this project were also awarded subsequent to June 30, 2008.

16. CONTINGENCY

In the normal course of its operations, the City has become a party in various legal actions, including resolution of a potential indemnity agreement. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. Amounts reserved for losses, if any, related to legal actions are undetermined and have not been included as a liability in the financial statements.

GENERAL FUND

The *General Fund* accounts for revenues and expenditures that are not required to be accounted for in another fund. In the City of South Haven the functions of the General Fund include Legislative, General Administration, Parks, Police, Fire, Development and Public Services activities not recorded in Special Revenue or Enterprise Funds. The General Fund is the designated repository per Michigan law for ad valorem property taxes. Other revenue sources for the General Fund are state shared revenues, transfers from other funds, fees and interest.

CITY OF SOUTH HAVEN

GENERAL FUND SCHEDULE OF REVENUES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real and personal property tax	\$ 3,201,002	\$ 3,211,661	\$ 3,308,850	\$ 96,189
Payments in lieu of tax	4,000	4,000	5,320	1,320
Collection fees	175,000	175,000	177,412	2,412
Total taxes	3,380,002	3,390,661	3,489,582	98,921
Licenses and permits				
Business	62,373	62,373	64,931	2,558
Nonbusiness	158,000	158,000	148,317	(9,683)
Liquor license fees	10,500	10,500	9,072	(1,428)
Total licenses and permits	230,873	230,873	222,320	(8,553)
Intergovernmental - state				
State-shared revenue	472,935	472,935	481,799	8,864
Total state sources	472,935	472,935	481,799	8,864
Intergovernmental - local	-	-	387	387
Charges for services				
Planning and zoning fees	34,000	34,000	14,245	(19,755)
Foundations - cemetery	8,528	8,528	9,184	656
Grave openings	24,000	24,000	17,015	(6,985)
Cemetery lot use	23,400	23,400	15,822	(7,578)
Other charges for services	371,698	371,698	371,698	-
Total charges for services	461,626	461,626	427,964	(33,662)
Fines				
Ordinance fines	20,000	20,000	23,389	3,389
Other fines	6,000	6,000	7,797	1,797
Total fines	26,000	26,000	31,186	5,186
Interest and rentals	75,000	75,000	131,730	56,730
Other revenue	364,129	368,325	372,597	6,272
Total revenues	\$ 5,010,565	\$ 5,023,420	\$ 5,157,565	\$ 134,145

CITY OF SOUTH HAVEN

GENERAL FUND SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Expenditures				
Current				
General government				
City Council	\$ 36,533	\$ 43,833	\$ 37,464	\$ 6,169
City Managers Office	188,225	204,475	202,036	2,439
Elections	26,128	24,628	22,566	2,062
Finance Department	168,736	165,736	152,254	13,482
City Assessor	115,815	115,815	111,085	4,730
Legal Counsel	120,000	120,000	93,567	26,433
City Clerk	20,925	22,375	21,927	448
Treasurer	55,971	57,971	58,937	1,094
City hall and grounds	208,946	248,946	222,366	26,580
Cemetery	101,513	101,513	101,149	364
Cable TV broadcasting	23,327	22,327	20,145	2,181
Other personnel activities	27,349	27,349	27,039	250
Insurance and bonds	53,000	50,000	32,892	17,108
	<u>1,145,468</u>	<u>1,204,788</u>	<u>1,101,488</u>	<u>103,280</u>
Public safety				
Police Department	1,737,771	1,767,546	1,736,816	30,728
Dispatch Department	339,985	339,985	314,661	25,324
Fire Authority	507,000	463,000	462,940	60
Building Inspections	301,874	288,574	245,831	40,843
	<u>2,886,430</u>	<u>2,857,205</u>	<u>2,760,250</u>	<u>96,955</u>
Public works				
City Engineer	82,924	82,924	61,754	21,170
Highways and streets	412,705	470,205	459,958	10,247
Drains	24,067	21,567	19,227	2,340
Street lighting	70,000	70,000	70,000	-
	<u>569,696</u>	<u>644,696</u>	<u>610,939</u>	<u>33,757</u>
Health and welfare				
Animal Control	7,000	7,000	7,000	-
Hospital	93,833	96,063	96,458	1,525
Senior Services	66,908	70,040	68,796	1,242
	<u>167,741</u>	<u>173,123</u>	<u>172,256</u>	<u>2,867</u>
Culture and recreation				
Parks	215,436	225,257	251,796	(26,539)
Library	162,834	166,211	165,643	568
Youth recreation	15,000	15,000	15,000	-
Museums	20,348	20,348	18,727	1,621
	<u>413,718</u>	<u>426,816</u>	<u>451,166</u>	<u>(24,350)</u>
Other				
Airport	85,330	85,330	81,939	3,391
Economic development	42,742	46,542	45,400	1,142
Miscellaneous	19,650	19,650	19,699	(49)
	<u>147,722</u>	<u>151,522</u>	<u>147,038</u>	<u>4,484</u>
Total expenditures	<u>\$ 5,350,775</u>	<u>\$ 5,460,130</u>	<u>\$ 5,243,137</u>	<u>\$ 216,993</u>

SPECIAL REVENUE FUNDS

The *Major and Local Street Funds* account for the operations of street maintenance and capital improvements. Financing is provided primarily from the City share of State collected fuel and other vehicular taxes and from grants, per Public Act 51.

The *Streets Improvement Fund* accounts for the proceeds of a dedicated County road property tax millage for street improvement and the related costs.

The *Garbage/Refuse Fund* accounts for residential garbage collection in the City. Financing is provided by a separate tax levy allowed by Public Act 127.

The *Narcotics Unit Fund* accounts for special drug enforcement activities including officers assigned to the Southwest Enforcement Team. Financing is provided by a specific voted property tax levy of 0.7058 mills.

The *Police Training Fund* accounts for state grants specifically designated for police and dispatch personnel training.

The *Community Development Block Grant Revolving Loan Fund* accounts for repayment of loans for new housing construction through Habitat for Humanity and the Community Development Block Grant program.

The *River Maintenance Fund* accounts for funds set aside for the dredging and maintenance of the Black River.

The *Sick Pay Reserve Fund* accounts for the funds set aside for the payout of unused sick and vacation time.

DEBT SERVICE FUNDS

The *Building Authority #1 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds. The sources of revenue for this fund are lease payments from the General Fund (Police Division), the Marina Fund and South Haven Area Emergency Services Authority (SHAES).

The *Building Authority #2 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds issued for the new Public Works Facility. The sources of revenue for this fund are payments from the Downtown Development Authority (DDA), the Electric Fund and Local Development Finance Authority #2.

The *Capital Improvement 2003 Bond Debt Service Fund* accumulates funds for payment of principal and interest for Bonds issued to finance infrastructure improvements. The sources of revenue for this fund are payments from the Downtown Development Authority (DDA), the Sewer Fund and Local Development Finance Authority #1.

The *Downtown Development Bonds Debt Service Fund* accumulates funds for the payment of interest and principal on the 2001 DDA Refunding Bonds. The source of revenue for this fund is payments from the DDA Operating Fund

The *Capital Improvement 2007 Bond Debt Service Fund* accumulates funds for payment of principal and interest for Bonds issued to finance infrastructure improvements. The source of revenue for this fund is payments from the Downtown Development Authority (DDA)

CAPITAL PROJECTS FUNDS

The *Cemetery Improvements Fund* accounts for funds set aside for major improvements in the City owned cemetery.

The *Public Works Projects Fund* accounts for the revenue and expenditures related to the 2007 bond issue.

The *Ice Rink and Pavilion Fund* accounts for revenues and expenditures related to the city-owned pavilion and ice rink. Revenues come primarily from donations.

The *Capital Projects Fund* accounts for funds set aside for future capital expenditures.

PERMANENT FUND

The *Cemetery Trust Fund* accounts for the funds set aside for the upkeep of the city-owned cemetery. Revenues come from perpetual care fees on plot sales and interest earnings.

ENTERPRISE FUNDS

The *Beach Fund* provides for the maintenance and improvement of the City beaches. Financing is provided from beach parking fees and fines.

The *Black River Park Fund* accounts for boat launching and parking services at Black River Park, along with seasonal and transient dock rental.

The *Marina Fund* accounts for seasonal and transient dock rental at the City owned municipal marinas.

INTERNAL SERVICE FUNDS

The *Motor Pool Fund* accounts for the costs of purchasing, maintaining and operating vehicles and other equipment used by various City departments. Costs are billed to the user departments based on rental rates adjusted annually.

The *Information Services Fund* accounts for the costs of purchasing and maintaining computer operations for the City. Costs for computer services are billed to the user departments based on rental rates adjusted annually.

The *Self Insurance Fund* accounts for costs associated with the City health self-insurance program.

FIDUCIARY FUNDS

Agency Funds:

The *Payroll Tax Collection Fund* accounts for the accumulation of employee payroll withholdings and payment thereof to appropriate vendors.

The *Current Tax Collection Fund* accounts for the collection and disbursements of property taxes billed and collected by the City on behalf of the State, the County, school districts, and other entities.

The *Trust and Agency Fund* accounts for assets held in trust.

CITY OF SOUTH HAVEN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

	Special Revenue							River Maintenance
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Narcotics Unit	Police Training	Community Development Block Grant	
Assets								
Cash and pooled investments	\$ 55,306	\$ 227	\$ 315,401	\$ 62,153	\$ 89,897	\$ 3,789	\$ 19,079	\$ 255
Accounts receivable	-	-	3,735	2,486	3,585	-	29,793	-
Accrued interest	-	-	-	-	-	-	-	-
Due from other funds	-	1,857	835,000	-	-	-	-	-
Due from other governments	51,806	15,256	-	-	-	-	-	-
Total assets	\$ 107,112	\$ 28,350	\$ 954,106	\$ 64,639	\$ 93,482	\$ 3,789	\$ 48,872	\$ 255
Liabilities and fund balances								
Liabilities								
Accounts payable	\$ 637	\$ 371	\$ 80,845	\$ 233	\$ 19,757	\$ -	\$ -	\$ 1,000
Accrued liabilities	240	130	-	-	358	-	-	-
Due to other funds	11,857	10,000	-	-	-	-	-	73,000
Deferred revenue	-	-	3,735	2,486	1,875	-	29,793	-
Total liabilities	12,734	10,501	84,580	2,719	21,990	-	29,793	74,000
Fund balances (deficit)								
Reserved	-	-	-	-	-	-	-	-
Permanent fund corpus	-	-	-	-	-	-	-	-
Unreserved	94,438	17,849	869,556	61,950	77,704	3,789	19,079	(73,745)
Undesignated	-	-	-	-	-	-	-	-
Total fund balances (deficit)	94,438	17,849	869,556	61,950	77,704	3,789	19,079	(73,745)
Total liabilities and fund balances	\$ 107,172	\$ 28,350	\$ 954,106	\$ 64,619	\$ 93,582	\$ 3,789	\$ 48,872	\$ 255

Debt Service					Capital Projects			Permanents			
Sick Pay Reserve	Building Authority #2	Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Public Works Projects	Ice Rink and Pavilion	Capital Projects	Cemetery Trust	Total	
\$ 103,749	\$ 23,742	\$ 18,137	\$ -	\$ 800	\$ 147,156	\$ 1,500	\$ 169	\$ 624,886	\$ 215,880	\$ 1,089,219	
-	-	-	-	-	-	-	-	-	-	39,549	
-	-	-	-	-	1,511	-	-	-	-	1,511	
-	-	-	-	-	82,300	-	-	-	-	720,157	
-	-	-	-	-	-	-	-	-	-	69,132	
<u>\$ 103,749</u>	<u>\$ 23,742</u>	<u>\$ 18,137</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 230,967</u>	<u>\$ 1,500</u>	<u>\$ 169</u>	<u>\$ 624,886</u>	<u>\$ 215,880</u>	<u>\$ 2,527,565</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ 69,313	
-	-	-	-	-	-	-	-	-	-	726	
-	-	-	-	-	-	-	82,300	-	-	177,157	
-	-	-	-	-	-	-	-	-	-	37,939	
-	-	-	-	-	-	1,500	82,300	-	-	298,835	
-	-	-	-	-	-	-	-	-	132,245	132,245	
<u>103,745</u>	<u>23,742</u>	<u>18,137</u>	<u>-</u>	<u>800</u>	<u>230,567</u>	<u>-</u>	<u>(82,131)</u>	<u>624,886</u>	<u>93,535</u>	<u>2,096,485</u>	
<u>103,746</u>	<u>23,742</u>	<u>18,137</u>	<u>-</u>	<u>800</u>	<u>230,567</u>	<u>-</u>	<u>(82,131)</u>	<u>624,886</u>	<u>215,880</u>	<u>2,228,730</u>	
<u>\$ 103,749</u>	<u>\$ 23,742</u>	<u>\$ 18,137</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 230,567</u>	<u>\$ 1,500</u>	<u>\$ 169</u>	<u>\$ 624,886</u>	<u>\$ 215,880</u>	<u>\$ 2,527,565</u>	

CITY OF SOUTH HAVEN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenues							
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Narcotics Unit	Police Training	Community Development Block Grant	River Maintenance
Revenues								
Taxes	\$ -	\$ -	\$ 452,013	\$ 305,818	\$ 194,900	\$ -	\$ -	\$ -
Intergovernmental revenues:								
State	328,850	104,164	-	-	-	9,065	-	-
Local	-	-	283,395	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	18,447
Investment earnings	214	200	6,294	5,087	1,669	-	243	1,400
Miscellaneous	-	-	20,025	-	8,180	-	22,595	-
Total revenues	330,699	104,364	762,727	310,873	204,333	9,065	22,838	19,853
Expenditures								
Current:								
Public safety	-	-	-	-	188,296	6,758	-	-
Public works	261,646	174,627	887,529	-	-	-	-	-
Health and welfare	-	-	-	326,334	-	-	29,946	204,748
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	261,646	174,627	887,529	326,334	188,296	6,758	29,946	204,748
Revenues over (under) expenditures	69,023	(70,263)	(124,802)	(17,461)	16,037	2,309	(7,108)	(184,895)
Other financing sources (uses)								
Transfers in	-	72,413	388,687	-	-	-	-	18,381
Transfers out	(72,413)	-	-	-	-	-	-	-
Total other financing sources (uses)	(72,413)	72,413	388,687	-	-	-	-	18,381
Net changes in fund balances	(3,390)	2,150	463,885	(17,451)	16,037	2,309	(7,108)	(166,514)
Fund balances (deficit), beginning of year	87,828	15,969	426,871	79,411	61,787	1,460	26,187	62,789
Fund balances (deficit), end of year	\$ 84,438	\$ 17,949	\$ 980,556	\$ 61,950	\$ 77,794	\$ 3,769	\$ 19,079	\$ (103,725)

Capital Projects										Permanent	
Debt Service						Public Works Projects	Ice Rink and Pavilion	Capital Projects	Cemetery Trust	Total	
Sick Pay Reserve	Building Authority #2	Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement						
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
-	-	-	-	-	-	-	-	-	-	963,434	
-	-	-	-	-	-	-	-	-	-	443,084	
-	-	-	-	-	-	-	-	-	-	283,385	
-	-	-	-	-	-	-	-	-	-	18,447	
3,436	5,208	5,462	-	1,318	8,599	2,880	-	12,572	8,186	65,213	
-	73,453	177,003	375,433	108,700	5,800	-	35,584	100,321	-	628,580	
3,436	78,661	182,465	375,933	110,018	16,499	2,880	36,584	112,893	8,186	2,890,133	
-	-	-	-	-	-	-	-	-	-	185,052	
-	-	-	-	-	-	177,305	-	408,567	-	1,710,874	
-	-	-	-	-	17,578	-	-	-	-	580,634	
-	-	-	-	-	-	-	31,828	-	-	31,828	
-	145,000	165,000	273,000	50,000	-	-	-	-	-	630,000	
-	125,560	212,345	105,833	59,303	-	-	-	-	-	509,321	
-	271,560	377,045	376,833	109,333	17,578	177,305	31,828	409,547	-	3,651,777	
3,436	(185,901)	(184,583)	-	636	(1,377)	(174,425)	4,938	(298,674)	8,186	(961,544)	
-	201,107	203,030	-	-	-	-	-	438,987	8,328	1,327,883	
-	-	-	-	-	-	-	-	(388,887)	-	(461,100)	
-	201,107	200,000	-	-	-	-	-	50,000	8,328	868,483	
3,436	5,208	5,417	-	636	(1,077)	(174,425)	4,938	(240,074)	17,434	(95,181)	
103,513	18,530	12,729	-	184	232,044	174,425	(87,009)	371,570	188,388	2,323,881	
\$ 103,746	\$ 23,742	\$ 19,137	\$ -	\$ 800	\$ 230,967	\$ -	\$ (82,131)	\$ 324,896	\$ 215,880	\$ 2,728,720	

CITY OF SOUTH HAVEN

MAJOR STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	323,314	335,314	329,855	(5,459)
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	200	200	814	614
Miscellaneous	-	-	-	-
Total revenues	<u>323,514</u>	<u>335,514</u>	<u>330,669</u>	<u>(4,845)</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	235,615	296,915	261,646	35,269
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>235,615</u>	<u>296,915</u>	<u>261,646</u>	<u>35,269</u>
Revenues over (under) expenditures	<u>87,899</u>	<u>38,599</u>	<u>69,023</u>	<u>30,424</u>
Other financing sources				
Transfers in	-	-	-	-
Transfers out	(73,750)	(73,750)	(72,413)	1,337
Total other financing sources (uses)	<u>(73,750)</u>	<u>(73,750)</u>	<u>(72,413)</u>	<u>1,337</u>
Net changes in fund balance	14,149	(35,151)	(3,390)	31,761
Fund balance, beginning of year	<u>97,828</u>	<u>97,828</u>	<u>97,828</u>	<u>-</u>
Fund balance, end of year	<u>\$ 111,977</u>	<u>\$ 62,677</u>	<u>\$ 94,438</u>	<u>\$ 31,761</u>

CITY OF SOUTH HAVEN

LOCAL STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	100,000	100,000	104,164	4,164
Local	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	-	-	200	200
Miscellaneous	-	-	-	-
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>104,364</u>	<u>4,364</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	175,571	197,271	174,627	22,644
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>175,571</u>	<u>197,271</u>	<u>174,627</u>	<u>22,644</u>
Revenues over (under) expenditures	<u>(75,571)</u>	<u>(97,271)</u>	<u>(70,263)</u>	<u>27,008</u>
Other financing source (uses)				
Transfers in	74,185	74,185	72,413	(1,772)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>74,185</u>	<u>74,185</u>	<u>72,413</u>	<u>(1,772)</u>
Net changes in fund balance	<u>(1,386)</u>	<u>(23,086)</u>	<u>2,150</u>	<u>25,236</u>
Fund balance, beginning of year	<u>15,699</u>	<u>15,699</u>	<u>15,699</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,313</u>	<u>\$ (7,387)</u>	<u>\$ 17,849</u>	<u>\$ 25,236</u>

CITY OF SOUTH HAVEN

STREET IMPROVEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 439,798	\$ 439,798	\$ 453,013	\$ 13,215
Intergovernmental revenues				
State	-	-	-	-
Local	262,650	262,650	283,395	20,745
Special assessments	-	-	-	-
Investment earnings	3,000	3,000	6,294	3,294
Miscellaneous	-	-	20,025	20,025
Total revenues	<u>705,448</u>	<u>705,448</u>	<u>762,727</u>	<u>57,279</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	1,094,438	1,094,438	687,529	406,909
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>1,094,438</u>	<u>1,094,438</u>	<u>687,529</u>	<u>406,909</u>
Revenues over (under) expenditures	<u>(388,990)</u>	<u>(388,990)</u>	<u>75,198</u>	<u>464,188</u>
Other financing source (uses)				
Transfers in	388,687	388,687	388,687	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>388,687</u>	<u>388,687</u>	<u>388,687</u>	<u>-</u>
Net changes in fund balance	(303)	(303)	463,885	464,188
Fund balance, beginning of year	<u>426,671</u>	<u>426,671</u>	<u>426,671</u>	<u>-</u>
Fund balance, end of year	<u>\$ 426,368</u>	<u>\$ 426,368</u>	<u>\$ 890,556</u>	<u>\$ 464,188</u>

CITY OF SOUTH HAVEN

GARBAGE AND REFUSE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 299,581	\$ 299,581	\$ 305,816	\$ 6,235
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	3,000	3,000	5,057	2,057
Miscellaneous	-	-	-	-
Total Revenues	<u>302,581</u>	<u>302,581</u>	<u>310,873</u>	<u>8,292</u>
Expenditures				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	334,000	334,000	328,334	5,666
Culture and recreation	-	-	-	-
Total expenditures	<u>334,000</u>	<u>334,000</u>	<u>328,334</u>	<u>5,666</u>
Revenues over (under) expenditures	<u>(31,419)</u>	<u>(31,419)</u>	<u>(17,461)</u>	<u>13,958</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(31,419)</u>	<u>(31,419)</u>	<u>(17,461)</u>	<u>13,958</u>
Fund balance, beginning of year	<u>79,411</u>	<u>79,411</u>	<u>79,411</u>	<u>-</u>
Fund balance, end of year	<u>\$ 47,992</u>	<u>\$ 47,992</u>	<u>\$ 61,950</u>	<u>\$ 13,958</u>

CITY OF SOUTH HAVEN

NARCOTICS UNIT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 190,678	\$ 190,678	\$ 194,605	\$ 3,927
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	-	-	1,559	1,559
Miscellaneous	7,180	7,180	8,169	989
Total revenues	<u>197,858</u>	<u>197,858</u>	<u>204,333</u>	<u>6,475</u>
Expenditures				
Current				
Public safety	216,295	216,295	188,296	27,999
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>216,295</u>	<u>216,295</u>	<u>188,296</u>	<u>27,999</u>
Revenues over (under) expenditures	<u>(18,437)</u>	<u>(18,437)</u>	<u>16,037</u>	<u>34,474</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(18,437)	(18,437)	16,037	34,474
Fund balance, beginning of year	<u>61,757</u>	<u>61,757</u>	<u>61,757</u>	<u>-</u>
Fund balance, end of year	<u>\$ 43,320</u>	<u>\$ 43,320</u>	<u>\$ 77,794</u>	<u>\$ 34,474</u>

CITY OF SOUTH HAVEN

POLICE TRAINING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	8,500	8,500	9,065	565
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>9,065</u>	<u>565</u>
Expenditures				
Current				
Public safety	7,000	7,000	6,756	244
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>6,756</u>	<u>244</u>
Revenues over (under) expenditures	<u>1,500</u>	<u>1,500</u>	<u>2,309</u>	<u>809</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>1,500</u>	<u>1,500</u>	<u>2,309</u>	<u>809</u>
Fund balance, beginning of year	<u>1,460</u>	<u>1,460</u>	<u>1,460</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,960</u>	<u>\$ 2,960</u>	<u>\$ 3,769</u>	<u>\$ 809</u>

CITY OF SOUTH HAVEN

COMMUNITY DEVELOPMENT BLOCK GRANT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	300	300	243	(57)
Miscellaneous	12,500	12,500	22,595	10,095
Total Revenues	<u>12,800</u>	<u>12,800</u>	<u>22,838</u>	<u>10,038</u>
Expenditures				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	15,100	55,100	29,946	25,154
Culture and recreation	-	-	-	-
Total expenditures	<u>15,100</u>	<u>55,100</u>	<u>29,946</u>	<u>25,154</u>
Revenues over (under) expenditures	<u>(2,300)</u>	<u>(42,300)</u>	<u>(7,108)</u>	<u>35,192</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(2,300)</u>	<u>(42,300)</u>	<u>(7,108)</u>	<u>35,192</u>
Fund balance, beginning of year	<u>26,187</u>	<u>26,187</u>	<u>26,187</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,887</u>	<u>\$ (16,113)</u>	<u>\$ 19,079</u>	<u>\$ 35,192</u>

CITY OF SOUTH HAVEN

RIVER MAINTENANCE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	18,447	18,447
Investment earnings	500	500	1,408	906
Miscellaneous	-	-	-	-
Total Revenues	<u>500</u>	<u>500</u>	<u>19,853</u>	<u>19,353</u>
Expenditures				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	203,750	204,748	(998)
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>203,750</u>	<u>204,748</u>	<u>(998)</u>
Revenues over (under) expenditures	<u>500</u>	<u>(203,250)</u>	<u>(184,895)</u>	<u>18,355</u>
Other financing source (uses)				
Transfers in	18,361	18,361	18,361	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>18,361</u>	<u>18,361</u>	<u>18,361</u>	<u>-</u>
Net changes in fund balance	18,861	(184,889)	(166,028)	18,355
Fund balance, beginning of year	<u>92,789</u>	<u>92,789</u>	<u>92,789</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 111,650</u>	<u>\$ (92,100)</u>	<u>\$ (73,245)</u>	<u>\$ 18,355</u>

CITY OF SOUTH HAVEN

SICK PAY RESERVE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	4,800	4,800	3,436	(1,364)
Miscellaneous	-	-	-	-
Total Revenues	<u>4,800</u>	<u>4,800</u>	<u>3,436</u>	<u>(1,364)</u>
Expenditures				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>4,800</u>	<u>4,800</u>	<u>3,436</u>	<u>(1,364)</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	4,800	4,800	3,436	(1,364)
Fund balance, beginning of year	<u>100,313</u>	<u>100,313</u>	<u>100,313</u>	<u>-</u>
Fund balance, end of year	<u>\$ 105,113</u>	<u>\$ 105,113</u>	<u>\$ 103,749</u>	<u>\$ (1,364)</u>

CITY OF SOUTH HAVEN

BUILDING AUTHORITY #1 DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	\$ 4,500	\$ 4,500	\$ 4,572	\$ 72
Miscellaneous	<u>234,230</u>	<u>234,230</u>	<u>234,230</u>	<u>-</u>
Total Revenues	<u>238,730</u>	<u>238,730</u>	<u>238,802</u>	<u>72</u>
Expenditures				
Debt service				
Principal	200,000	645,000	645,000	-
Interest	<u>34,530</u>	<u>34,530</u>	<u>34,530</u>	<u>-</u>
Total expenditures	<u>234,530</u>	<u>679,530</u>	<u>679,530</u>	<u>-</u>
Net changes in fund balance	4,200	(440,800)	(440,728)	72
Fund balance, beginning of year	<u>36,411</u>	<u>36,411</u>	<u>36,411</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 40,611</u>	<u>\$ (404,389)</u>	<u>\$ (404,317)</u>	<u>\$ 72</u>

CITY OF SOUTH HAVEN

BUILDING AUTHORITY #2 DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	3,200	3,200	5,206	2,006
Miscellaneous	70,453	70,453	70,453	-
Total Revenues	<u>73,653</u>	<u>73,653</u>	<u>75,659</u>	<u>2,006</u>
Expenditures				
Debt service				
Principal	145,000	145,000	145,000	-
Interest	126,560	126,560	126,560	-
Total expenditures	<u>271,560</u>	<u>271,560</u>	<u>271,560</u>	<u>-</u>
Revenues over (under) expenditures	<u>(197,907)</u>	<u>(197,907)</u>	<u>(195,901)</u>	<u>2,006</u>
Other financing source (uses)				
Transfers in	201,107	201,107	201,107	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>201,107</u>	<u>201,107</u>	<u>201,107</u>	<u>-</u>
Net changes in fund balance	<u>3,200</u>	<u>3,200</u>	<u>5,206</u>	<u>2,006</u>
Fund balance, beginning of year	<u>18,536</u>	<u>18,536</u>	<u>18,536</u>	<u>-</u>
Fund balance, end of year	<u>\$ 21,736</u>	<u>\$ 21,736</u>	<u>\$ 23,742</u>	<u>\$ 2,006</u>

CITY OF SOUTH HAVEN

CAPITAL IMPROVEMENT BONDS 2003 DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	5,500	5,500	5,462	(38)
Miscellaneous	<u>177,000</u>	<u>177,000</u>	<u>177,000</u>	<u>-</u>
Total Revenues	<u>182,500</u>	<u>182,500</u>	<u>182,462</u>	<u>(38)</u>
Expenditures				
Debt service				
Principal	165,000	165,000	165,000	-
Interest	<u>212,045</u>	<u>212,045</u>	<u>212,045</u>	<u>-</u>
Total expenditures	<u>377,045</u>	<u>377,045</u>	<u>377,045</u>	<u>-</u>
Revenues over (under) expenditures	<u>(194,545)</u>	<u>(194,545)</u>	<u>(194,583)</u>	<u>(38)</u>
Other financing source (uses)				
Transfers in	200,000	200,000	200,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net changes in fund balance	5,455	5,455	5,417	(38)
Fund balance, beginning of year	<u>13,720</u>	<u>13,720</u>	<u>13,720</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,175</u>	<u>\$ 19,175</u>	<u>\$ 19,137</u>	<u>\$ (38)</u>

CITY OF SOUTH HAVEN

DOWNTOWN DEVELOPMENT BONDS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	6,000	6,000	-	(6,000)
Miscellaneous	440,557	440,557	375,833	(64,724)
Total Revenues	<u>446,557</u>	<u>446,557</u>	<u>375,833</u>	<u>(70,724)</u>
Expenditures				
Debt service				
Principal	334,469	334,469	270,000	64,469
Interest	112,088	112,088	105,833	6,255
Total expenditures	<u>446,557</u>	<u>446,557</u>	<u>375,833</u>	<u>70,724</u>
Revenues over (under) expenditures	-	-	-	-
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH HAVEN

CAPITAL IMPROVEMENT BONDS 2007 DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Local	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	700	700	1,319	619
Miscellaneous	108,700	108,700	108,700	-
Total Revenues	<u>109,400</u>	<u>109,400</u>	<u>110,019</u>	<u>619</u>
Expenditures				
Debt service				
Principal	50,000	50,000	50,000	-
Interest	59,383	59,383	59,383	-
Total expenditures	<u>109,383</u>	<u>109,383</u>	<u>109,383</u>	<u>-</u>
Revenues over (under) expenditures	<u>17</u>	<u>17</u>	<u>636</u>	<u>619</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	17	17	636	619
Fund balance, beginning of year	<u>164</u>	<u>164</u>	<u>164</u>	<u>-</u>
Fund balance, end of year	<u>\$ 181</u>	<u>\$ 181</u>	<u>\$ 800</u>	<u>\$ 619</u>

CITY OF SOUTH HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2008

	Beach Fund	Black River Park	Marina Fund	Total
Assets				
Current assets				
Cash and pooled investments	\$ 131,804	\$ 77,630	\$ 442,284	\$ 651,718
Accrued interest receivable	41	-	5,250	5,291
Due from other funds	-	-	404,317	404,317
Total current assets	131,845	77,630	851,851	1,061,326
Non-current assets				
Advance to component unit	-	-	133,596	133,596
Capital assets				
Land	-	2,333	3,003	5,336
Buildings and equipment	-	58,729	54,984	113,713
Infrastructure	-	935,467	1,920,275	2,855,742
Less accumulated depreciation	-	(314,464)	(779,967)	(1,094,431)
Total non-current assets	-	682,065	1,331,891	2,013,956
Total assets	131,845	759,695	2,183,742	3,075,282
Liabilities				
Current liabilities				
Accounts payable	4,157	1,367	7,003	12,527
Accrued liabilities	644	1,653	5,066	7,363
Unearned revenue	7,500	59,183	227,848	294,531
Total liabilities	12,301	62,203	239,917	314,421
Net assets				
Investment in capital assets net of related debt	-	682,065	1,198,295	1,880,360
Unrestricted (deficit)	119,544	15,427	745,530	880,501
Total net assets	\$ 119,544	\$ 697,492	\$ 1,943,825	\$ 2,760,861

CITY OF SOUTH HAVEN

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 169,641	\$ -	\$ 7,057	\$ 176,698
Dock rental	-	167,578	536,770	694,348
Other	-	1,818	569	2,387
	<u>169,641</u>	<u>159,396</u>	<u>544,396</u>	<u>873,433</u>
Total operating revenue				
	<u>169,641</u>	<u>159,396</u>	<u>544,396</u>	<u>873,433</u>
Operating expense				
Operating costs and expenses	215,605	90,121	371,250	676,976
Depreciation	-	49,176	97,259	146,435
	<u>215,605</u>	<u>139,297</u>	<u>468,509</u>	<u>823,411</u>
Total operating expense				
	<u>215,605</u>	<u>139,297</u>	<u>468,509</u>	<u>823,411</u>
Operating income (loss)	(45,964)	20,099	75,887	50,022
Non-operating revenue (expense)				
Investment earnings	12,695	3,249	35,427	51,371
	<u>12,695</u>	<u>3,249</u>	<u>35,427</u>	<u>51,371</u>
Total non-operating revenue (expense)				
	<u>12,695</u>	<u>3,249</u>	<u>35,427</u>	<u>51,371</u>
Income (loss) before transfers	(33,269)	23,348	111,314	101,393
Transfers				
Property tax equivalent payments	(10,000)	(7,025)	(25,400)	(42,425)
Transfers out	-	(4,215)	(14,146)	(18,361)
	<u>(10,000)</u>	<u>(11,240)</u>	<u>(39,546)</u>	<u>(60,786)</u>
Total transfers				
	<u>(10,000)</u>	<u>(11,240)</u>	<u>(39,546)</u>	<u>(60,786)</u>
Changes in net assets	(43,269)	12,108	71,768	40,607
Net assets, beginning of year	<u>162,813</u>	<u>685,384</u>	<u>1,872,057</u>	<u>2,720,254</u>
Net assets, end of year	<u>\$ 119,544</u>	<u>\$ 697,492</u>	<u>\$ 1,943,825</u>	<u>\$ 2,760,861</u>

CITY OF SOUTH HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 169,841	\$ 164,369	\$ 566,586	\$ 900,596
Payments to employees	(60,012)	(54,831)	(110,193)	(225,036)
Payments to suppliers	(166,060)	(39,139)	(269,902)	(475,101)
Net cash provided by (used in) operating activities	<u>(56,431)</u>	<u>70,399</u>	<u>186,481</u>	<u>200,459</u>
Cash flows from non-capital financing activities				
Due from other funds	-		(404,317)	(404,317)
Property tax equivalents	(10,000)	(7,025)	(25,400)	(42,425)
Transfers out	-	(4,215)	(14,146)	(18,361)
Net cash provided by (used in) non-capital financing activities	<u>(10,000)</u>	<u>(11,240)</u>	<u>(443,863)</u>	<u>(465,103)</u>
Cash flows from investing activities				
Interest income	12,654	3,249	31,473	47,376
Advance to component unit	-	-	(3,978)	(3,978)
Net cash provided by (used in) investing activities	<u>12,654</u>	<u>3,249</u>	<u>27,495</u>	<u>43,398</u>
Net increase (decrease) in cash and pooled investments	<u>(53,777)</u>	<u>62,400</u>	<u>(229,877)</u>	<u>(221,246)</u>
Cash and pooled investments, beginning of year	<u>185,581</u>	<u>15,222</u>	<u>872,161</u>	<u>1,072,964</u>
Cash and pooled investments, end of year	<u>\$ 121,804</u>	<u>\$ 77,630</u>	<u>\$ 442,284</u>	<u>\$ 651,718</u>
Cash flows from operating activities				
Operating income (loss)	\$ (45,984)	\$ 20,089	\$ 75,837	\$ 50,022
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	49,178	97,259	146,435
Change in operating assets and liabilities which provided (used) cash				
Accounts payable	(6,427)	(795)	(2,711)	(9,933)
Accrued liabilities	(4,040)	(3,054)	(6,134)	(13,228)
Deferred revenue	-	4,973	22,190	27,163
Net cash provided by (used in) operating activities	<u>\$ (56,431)</u>	<u>\$ 70,399</u>	<u>\$ 186,491</u>	<u>\$ 200,459</u>

CITY OF SOUTH HAVEN

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
Assets				
Current assets				
Cash and pooled investments	\$ 759,331	\$ 70	\$ 351,134	\$ 1,110,535
Accounts receivable	<u>2,576</u>	<u>-</u>	<u>-</u>	<u>2,576</u>
Total current assets	<u>761,907</u>	<u>70</u>	<u>351,134</u>	<u>1,113,111</u>
Non-current assets				
Capital assets				
Buildings and equipment	500,366	70,782	-	571,148
Vehicles	2,126,524	-	-	2,126,524
Less accumulated depreciation	<u>(1,615,196)</u>	<u>(25,474)</u>	<u>-</u>	<u>(1,640,670)</u>
Total non-current assets	<u>1,011,694</u>	<u>45,308</u>	<u>-</u>	<u>1,057,002</u>
Total assets	<u>1,773,601</u>	<u>45,378</u>	<u>351,134</u>	<u>2,170,113</u>
Liabilities				
Current liabilities				
Accounts payable	283,868	4,946	25,618	314,432
Accrued liabilities	<u>10,617</u>	<u>13,970</u>	<u>-</u>	<u>24,587</u>
Total liabilities	<u>294,485</u>	<u>18,916</u>	<u>25,618</u>	<u>339,019</u>
Net assets				
Investment in capital assets net of related debt	1,011,694	45,308	-	1,057,002
Unrestricted	<u>467,422</u>	<u>(18,846)</u>	<u>325,516</u>	<u>774,092</u>
Total net assets	<u>\$ 1,479,116</u>	<u>\$ 26,462</u>	<u>\$ 325,516</u>	<u>\$ 1,831,094</u>

CITY OF SOUTH HAVEN

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 665,780	\$ 150,138	\$ 239,585	\$ 1,055,503
Other	<u>50,535</u>	<u>200</u>	<u>-</u>	<u>50,735</u>
Total operating revenue	<u>716,315</u>	<u>150,338</u>	<u>239,585</u>	<u>1,106,238</u>
Operating expense				
Operating costs and expenses	293,996	148,569	198,547	641,112
Depreciation	<u>171,263</u>	<u>14,156</u>	<u>-</u>	<u>185,409</u>
Total operating expense	<u>465,249</u>	<u>162,725</u>	<u>198,547</u>	<u>826,521</u>
Operating income (loss)	<u>251,066</u>	<u>(12,387)</u>	<u>41,038</u>	<u>279,717</u>
Non-operating revenue (expense)				
Interest income	9,958	178	4,830	14,966
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenue (expense)	<u>9,958</u>	<u>178</u>	<u>4,830</u>	<u>14,966</u>
Income (loss) before transfers	261,024	(12,209)	45,868	294,683
Transfers				
Transfers in	8,028	-	-	8,028
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>8,028</u>	<u>-</u>	<u>-</u>	<u>8,028</u>
Changes in net assets	269,052	(12,209)	45,868	302,711
Net assets, beginning of year	<u>1,210,064</u>	<u>38,671</u>	<u>279,648</u>	<u>1,528,383</u>
Net assets, end of year	<u>\$ 1,479,116</u>	<u>\$ 26,462</u>	<u>\$ 325,516</u>	<u>\$ 1,831,094</u>

CITY OF SOUTH HAVEN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from internal services provided	\$ 713,739	\$ 150,338	\$ 239,585	\$ 1,103,662
Payments to employees	(94,282)	(81,015)	-	(155,297)
Payments to suppliers	(198,551)	(87,547)	(194,876)	(480,974)
Net cash provided by (used in) operating activities	<u>420,906</u>	<u>1,776</u>	<u>44,709</u>	<u>467,391</u>
Cash flows from non-capital financing activities				
Transfers in	<u>8,028</u>	<u>-</u>	<u>-</u>	<u>8,028</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	<u>38,165</u>	<u>-</u>	<u>-</u>	<u>38,165</u>
Acquisitions of capital assets	(373,195)	(23,457)	-	(396,652)
Net cash provided by (used in) capital and related financing activities	<u>(335,030)</u>	<u>(23,457)</u>	<u>-</u>	<u>(358,487)</u>
Cash flows from investing activities				
Interest income	<u>9,958</u>	<u>178</u>	<u>4,830</u>	<u>14,966</u>
Payments received on advance to component unit	<u>71,178</u>	<u>-</u>	<u>-</u>	<u>71,178</u>
Net cash provided by (used in) investing activities	<u>81,136</u>	<u>178</u>	<u>4,830</u>	<u>86,144</u>
Net increase (decrease) in cash and pooled investments	<u>175,040</u>	<u>(21,603)</u>	<u>49,539</u>	<u>203,076</u>
Cash and pooled investments, beginning of year	<u>584,291</u>	<u>21,573</u>	<u>301,595</u>	<u>907,459</u>
Cash and pooled investments, end of year	<u>\$ 759,331</u>	<u>\$ 70</u>	<u>\$ 351,134</u>	<u>\$ 1,110,535</u>
Cash flows from operating activities				
Operating income (loss)	\$ 251,065	\$ (12,387)	\$ 41,038	\$ 279,717
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	171,253	14,155	-	185,409
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(2,576)	-	-	(2,576)
Accounts payable	-	2,595	3,671	6,266
Accrued liabilities	<u>1,163</u>	<u>(2,588)</u>	<u>-</u>	<u>(1,425)</u>
Net cash provided by (used in) operating activities	<u>\$ 420,906</u>	<u>\$ 1,776</u>	<u>\$ 44,709</u>	<u>\$ 467,391</u>

CITY OF SOUTH HAVEN

AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2008

	<u>Payroll tax Collection</u>	<u>Current tax Fund</u>	<u>Trust and Agency</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 68,039	\$ 561	\$ 55,547	\$ 124,147
Total assets	<u>\$ 68,039</u>	<u>\$ 561</u>	<u>\$ 55,547</u>	<u>\$ 124,147</u>
 Liabilities				
Accounts payable	\$ 47,924	\$ -	\$ 3,961	\$ 51,885
Deposits	-	-	51,586	51,586
Due to other funds	-	-	-	-
Due to other governmental units	<u>20,115</u>	<u>561</u>	<u>-</u>	<u>20,676</u>
Total liabilities	<u>\$ 68,039</u>	<u>\$ 561</u>	<u>\$ 55,547</u>	<u>\$ 124,147</u>

CITY OF SOUTH HAVEN

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>Payroll Tax Collection Fund</u>				
Assets				
Cash and pooled investments	\$ 43,725	\$ 1,073,366	\$ 1,049,052	\$ 68,039
Liabilities				
Accounts payable	\$ 32,664	\$ 79,241	\$ 63,981	\$ 47,924
Due to other governmental units	11,061	2,360,893	2,351,839	20,115
Total liabilities	\$ 43,725	\$ 2,440,134	\$ 2,415,820	\$ 68,039
<u>Current Tax Collection Fund</u>				
Assets				
Cash and pooled investments	\$ -	\$ 14,701,372	\$ 14,700,611	\$ 561
Liabilities				
Due to other funds	\$ -	\$ 4,969,238	\$ 4,969,238	\$ -
Due to other governmental units	-	13,062,374	13,061,813	561
Total liabilities	\$ -	\$ 18,031,612	\$ 18,031,051	\$ 561
<u>Trust and Agency Fund</u>				
Assets				
Cash and pooled investments	\$ 302,377	\$ 527,381	\$ 774,211	\$ 55,547
Liabilities				
Accounts payable	\$ 15,905	\$ 358,161	\$ 370,105	\$ 3,961
Deposits	286,472	527,591	762,477	51,586
Total liabilities	\$ 302,377	\$ 885,752	\$ 1,132,582	\$ 55,547
<u>Total - All Agency Funds</u>				
Assets				
Cash and pooled investments	\$ 346,102	\$ 16,302,119	\$ 16,524,074	\$ 124,147
Liabilities				
Accounts payable	\$ 48,569	\$ 437,402	\$ 434,086	\$ 51,885
Due to other funds	-	4,969,238	4,969,238	-
Deposits	286,472	527,591	762,477	51,586
Due to other governmental units	11,061	15,423,267	15,413,652	20,676
Total liabilities	\$ 346,102	\$ 21,357,498	\$ 21,579,453	\$ 124,147

COMPONENT UNITS

The *Downtown Development Authority (DDA) Fund* accounts for tax revenue "captured" in the DDA district. These funds are used to fund various projects and improvements as well as the repayment of debt incurred for projects in the DDA.

The *Local Development Finance Authorities (LDFA)* account for "captured" tax revenue in the LDFA districts. The "captured" tax revenue is used for further development in the district.

The *Brownfield Redevelopment Authority* accounts for "captured" tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenses incurred for brownfield cleanup.

CITY OF SOUTH HAVEN

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Fund Type</u>		<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash and pooled investments	\$ 140,543	\$ -	\$ 140,543
Accounts receivable	-	-	-
Due from other component units	-	-	-
Due from other governments	791	-	791
Capital assets not being depreciated	-	-	-
Total assets	<u>\$ 141,334</u>	<u>-</u>	<u>141,334</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 817	-	817
Accrued liabilities	135	-	135
Due to other component units	-	-	-
Advances from primary government	506,002	-	506,002
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>506,954</u>	<u>-</u>	<u>506,954</u>
Fund balances (deficit)			
Unreserved			
Undesignated	<u>(365,620)</u>	<u>365,620</u>	
Total liabilities and fund balances	<u>\$ 141,334</u>		
Net assets (deficit)			
Invested in capital assets, net of related debt		-	-
Unrestricted (deficit)		<u>(365,620)</u>	<u>(365,620)</u>
Total net assets (deficit)		<u>\$ (365,620)</u>	<u>\$ (365,620)</u>

CITY OF SOUTH HAVEN

DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 1,155,315	\$ -	\$ 1,155,315
Grants	120,000	-	120,000
Investment earnings	8,308	-	8,308
Miscellaneous	<u>4,916</u>	<u>-</u>	<u>4,916</u>
	<u>1,288,539</u>	<u>-</u>	<u>1,288,539</u>
Expenditures/expenses			
Community development	906,249	-	906,249
Debt Service			
Principal	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures/expenses	<u>906,249</u>	<u>-</u>	<u>906,249</u>
Revenues over (under) expenditures/expenses	<u>382,290</u>	<u>-</u>	<u>382,290</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	382,290	(382,290)	
Change in net assets		382,290	382,290
Fund balances/net assets (deficit), beginning of year	<u>(747,910)</u>		<u>(747,910)</u>
Fund balances/net assets (deficit), end of year	<u>\$ (365,620)</u>		<u>\$ (365,620)</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #1 BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and pooled investments	\$ 1,353,448	\$ -	\$ 1,353,448
Accounts receivable	3,121	-	3,121
Due from other component units	150,000	-	150,000
Due from other governments	-	-	-
Capital assets not being depreciated	-	-	-
Total assets	<u>\$ 1,506,569</u>	<u>-</u>	<u>1,506,569</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 4,067	-	4,067
Accrued liabilities	64	-	64
Due to other component units	-	-	-
Advances from primary government	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	4,131	-	4,131
Fund balances			
Unreserved			
Undesignated	1,502,438	(1,502,438)	
Total liabilities and fund balances	<u>\$ 1,506,569</u>		
Net assets			
Unrestricted		<u>\$ 1,502,438</u>	<u>\$ 1,502,438</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #1 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 377,165	\$ -	\$ 377,165
Grants	-	-	-
Investment earnings	39,164	-	39,164
Miscellaneous	-	-	-
	<u>416,329</u>	<u>-</u>	<u>416,329</u>
Expenditures/expenses			
Community development	231,024	-	231,024
Debt Service			
Principal	-	-	-
Interest	-	-	-
	<u>231,024</u>	<u>-</u>	<u>231,024</u>
Total expenditures/expenses	<u>231,024</u>	<u>-</u>	<u>231,024</u>
Revenues over (under) expenditures/expenses	<u>185,305</u>	<u>-</u>	<u>185,305</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	185,305	(185,305)	
Change in net assets		185,305	185,305
Fund balances/net assets, beginning of year	<u>1,317,133</u>		<u>1,317,133</u>
Fund balances/net assets, end of year	<u>\$ 1,502,438</u>		<u>\$ 1,502,438</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #2 BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and pooled investments	\$ 116,953	\$ -	\$ 116,953
Accounts receivable	227	-	227
Due from other component units	-	-	-
Due from other governments	-	-	-
Capital assets not being depreciated	-	55,373	55,373
Total assets	<u>\$ 117,180</u>	<u>\$ 55,373</u>	<u>172,553</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Accrued liabilities	-	-	-
Due to other component units	-	-	-
Advances from primary government	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	-	-	-
Fund balances			
Unreserved			
Undesignated	117,180	(117,180)	
Total liabilities and fund balances	<u>\$ 117,180</u>		
Net assets			
Invested in capital assets, net of related debt		55,373	55,373
Unrestricted		117,180	117,180
Total net assets		<u>\$ 172,553</u>	<u>\$ 172,553</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #2 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 34,187	\$ -	\$ 34,187
Grants	-	-	-
Investment earnings	3,514	-	3,514
Miscellaneous	-	-	-
	<u>37,701</u>	<u>-</u>	<u>37,701</u>
Expenditures/expenses			
Community development	18,577	-	18,577
Debt Service			
Principal	-	-	-
Interest	-	-	-
	<u>18,577</u>	<u>-</u>	<u>18,577</u>
Total expenditures/expenses	<u>18,577</u>	<u>-</u>	<u>18,577</u>
Revenues over (under) expenditures/expenses	<u>19,124</u>	<u>-</u>	<u>19,124</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	19,124	(19,124)	
Change in net assets		19,124	19,124
Fund balances/net assets, beginning of year	<u>98,056</u>		<u>153,429</u>
Fund balances/net assets, end of year	<u>\$ 117,180</u>		<u>\$ 172,553</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #3 BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

	General Fund	Adjustments	Statement of Net Assets
Assets			
Cash and pooled investments	\$ 664,041	\$ -	\$ 664,041
Accounts receivable	363	-	363
Due from other component units	-	-	-
Due from other governments	-	-	-
Capital assets not being depreciated	-	136,080	136,080
Total assets	<u>\$ 664,404</u>	<u>\$ 136,080</u>	<u>800,484</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Accrued liabilities	42	-	42
Due to other component units	150,000	-	150,000
Advances from primary government	-	-	-
Noncurrent liabilities			
Due within one year	-	27,208	27,208
Due in more than one year	-	183,657	183,657
Total liabilities	150,042	210,865	360,907
Fund balances			
Unreserved			
Undesignated	514,362	(514,362)	
Total liabilities and fund balances	<u>\$ 664,404</u>		
Net assets			
Invested in capital assets, net of related debt		136,080	136,080
Unrestricted		303,497	303,497
Total net assets		<u>\$ 439,577</u>	<u>\$ 439,577</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #3 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 187,683	\$ -	\$ 187,683
Grants	-	-	-
Investment earnings	18,563	-	18,563
Miscellaneous	-	-	-
	<u>206,246</u>	<u>-</u>	<u>206,246</u>
Expenditures/expenses			
Community development	46,381	-	46,381
Debt Service			
Principal	27,208	(27,208)	-
Interest	-	-	-
	<u>73,589</u>	<u>(27,208)</u>	<u>46,381</u>
Revenues over (under) expenditures/expenses	<u>132,657</u>	<u>(27,208)</u>	<u>159,865</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	132,657	(132,657)	
Change in net assets		159,865	159,865
Fund balances/net assets, beginning of year	<u>381,705</u>		<u>279,712</u>
Fund balances/net assets, end of year	<u>\$ 514,362</u>		<u>\$ 439,577</u>

CITY OF SOUTH HAVEN

BROWNFIELD REDEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and pooled investments	\$ 1,263,701	\$ -	\$ 1,263,701
Accounts receivable	11,995	-	11,995
Due from other component units	-	-	-
Due from other governments	1,810	-	1,810
Capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,277,506</u>	<u>-</u>	<u>1,277,506</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Accrued liabilities	-	-	-
Due to other component units	-	-	-
Advances from primary government	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Unreserved			
Undesignated	<u>1,277,506</u>	<u>(1,277,506)</u>	
Total liabilities and fund balances	<u>\$ 1,277,506</u>		
Net assets			
Unrestricted		<u>\$ 1,277,506</u>	<u>\$ 1,277,506</u>

CITY OF SOUTH HAVEN

BROWNFIELD REDEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 91,668	\$ -	\$ 91,668
Grants	25,665	-	25,665
Investment earnings	47,707	-	47,707
Miscellaneous	-	-	-
	<u>165,040</u>	<u>-</u>	<u>165,040</u>
Expenditures/expenses			
Community development	60,947	-	60,947
Debt Service			
Principal	-	-	-
Interest	-	-	-
	<u>60,947</u>	<u>-</u>	<u>60,947</u>
Revenues over (under) expenditures/expenses	<u>104,093</u>	<u>-</u>	<u>104,093</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	104,093	(104,093)	
Change in net assets		104,093	104,093
Fund balances/net assets, beginning of year	<u>1,173,413</u>		<u>1,173,413</u>
Fund balances/net assets, end of year	<u>\$ 1,277,506</u>		<u>\$ 1,277,506</u>

CITY OF SOUTH HAVEN

STATISTICAL SECTION

This part of the City of South Haven's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the city's overall financial health

Contents

Schedule

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

1 to 4

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

5 to 8

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

9 to 13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the city's financial activities take place.

14 to 15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

16 to 18

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
City of South Haven
Net Assets by Component
Last Six Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Invested in capital assets, net of related debt	\$7,554,458	\$5,557,726	\$3,061,058	\$2,225,731	\$1,172,825	\$3,022,895
Restricted	1,160,293	1,733,705	1,826,780	849,964	486,230	465,980
Unrestricted	2,653,944	2,420,809	2,550,877	2,406,064	3,376,649	3,373,655
Total governmental activities net assets	\$11,368,695	\$9,712,340	\$7,438,715	\$5,481,758	\$5,035,704	\$6,862,530
Business-type activities						
Invested in capital assets, net of related debt	\$19,580,754	\$20,870,409	\$17,899,141	\$17,402,624	\$17,186,046	\$13,501,558
Restricted	285,024	231,900	770,311	294,997	241,761	633,944
Unrestricted	9,585,949	7,998,419	9,537,704	10,244,115	9,624,766	7,124,441
Total business-type activities net assets	\$29,451,727	\$29,100,728	\$28,207,156	\$27,941,736	\$27,052,573	\$21,259,943
Primary government						
Invested in capital assets, net of related debt	\$27,135,212	\$26,428,135	\$20,960,199	\$19,628,355	\$18,358,871	\$16,524,453
Restricted	1,425,317	1,965,605	2,597,091	1,144,961	727,991	1,099,824
Unrestricted	12,239,893	10,419,328	12,088,581	12,650,179	13,001,415	10,498,096
Total primary government net assets	\$40,800,422	\$38,813,068	\$35,645,871	\$33,423,495	\$32,088,277	\$28,122,473

No discretely presented component units shown

Schedule 2
City of South Haven
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Expenses						
Governmental activities:						
General government	\$954,567	\$1,379,519	\$1,239,832	\$1,228,829	\$1,123,354	\$873,531
Public safety	2,894,650	2,844,831	2,689,126	2,953,261	2,867,402	2,836,035
Public works	2,036,880	1,903,245	1,247,813	1,318,248	1,539,586	1,247,726
Highways and streets						
Health and welfare	727,626	572,440	576,735	581,107	440,832	422,070
Recreation and culture	577,925	530,509	550,392	573,844	994,019	587,415
Interest on long-term debt	538,351	537,006	541,789	478,856	439,298	289,583
Total governmental activities expenses	7,729,012	7,767,550	6,847,697	7,134,145	7,524,595	6,266,360
Business-type activities:						
Electric utility	12,020,477	10,217,812	9,608,078	8,858,995	8,912,236	8,606,946
Water utility	1,635,380	1,467,184	1,853,571	1,432,354	1,397,570	1,353,519
Sewer utility	1,814,760	1,458,392	1,571,794	1,390,204	1,298,007	1,243,519
Other enterprise funds	823,411	747,573	851,490	783,930	738,018	677,578
Total business-type activities expenses	16,094,038	13,890,761	13,684,933	12,513,483	12,343,831	11,881,562
Total primary government expenses	\$23,823,050	\$21,658,311	\$20,532,630	\$19,647,628	\$19,868,426	\$18,157,922
Program Revenues						
Governmental activities:						
Charges for services:						
General government	1,016,569	1,097,733	760,207	980,656	881,524	724,351
Public safety	314,410	428,623	77,525	9,456	14,875	14,853
Public works	449,264	477,805	245,950	245,808	245,194	48,114
Highways and streets	0	0	466,114	429,603	443,207	416,937
Health and welfare	37,409	51,612				
Recreation and culture	0	0	267,021	289,263	293,570	255,743
Interest expense						
Operating grants and contributions	914,256	1,359,329	668,310	220,636	216,170	210,712
Capital grants and contributions	318,022	580,822	8,095	11,743	987,152	144,647
Total governmental activities program revenues	3,049,950	3,965,924	2,184,222	2,187,165	3,021,992	1,815,357
Business-type activities:						
Charges for services:						
Electric utility	12,052,914	11,079,025	9,541,512	9,204,854	9,054,203	9,537,165
Water utility	1,554,130	1,466,882	1,186,093	1,059,948	1,018,882	981,319
Sewer utility	1,960,927	1,822,157	1,587,779	1,524,636	1,509,432	1,438,125
Other	873,433	831,220	814,802	779,277	740,255	735,784
Operating grants and contributions	0	9,485	22,500	7,500		
Capital grants and contributions	968,077	560,961	292,334	15,180	658,774	1,339,458
Total business-type activities program revenues	17,409,481	15,728,840	13,445,100	12,581,405	12,981,546	14,011,851
Total primary government program revenues	\$20,459,431	\$19,784,764	\$15,929,322	\$14,778,570	\$16,003,538	\$15,827,208
Net(Expenses)/Revenues						
Governmental activities	(\$4,679,062)	(\$3,771,626)	(\$4,363,475)	(\$4,946,980)	(\$4,442,603)	(\$4,451,003)
Business-type activities	1,315,443	1,898,079	(239,833)	77,922	637,715	2,120,289
Total primary government net expense	(\$3,363,619)	(\$1,873,547)	(\$4,603,308)	(\$4,869,058)	(\$3,804,888)	(\$2,330,714)

Schedule 2
City of South Haven
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

General Revenues and Other Changes in Net Assets

Governmental activities:

Property taxes	\$4,266,804	\$3,942,969	\$4,417,615	\$4,446,071	\$4,109,683	\$3,646,893
State revenues - unrestricted	490,871	492,291	497,039	500,862	508,773	564,291
Interest earnings	175,827	180,814	180,013	128,300	200,435	159,779
Other grants and contributions not restricted to specific programs	41,020	24,757	30,153			15,188
Transfers - internal activities	1,361,095	1,404,420	659,850	503,775	(2,203,120)	431,081
Total governmental activities	\$6,335,417	\$6,045,251	\$5,784,670	\$5,579,008	\$2,615,777	\$4,817,242

Business-type activities:

Interest earnings	376,851	399,913	375,020	255,407	149,212	152,896
Other grants and contributions not restricted to specific programs			790,063	1,059,610	2,802,583	881,719
Transfers - internal activities	(1,361,095)	(1,404,420)	(659,850)	(503,775)	2,203,120	(431,081)
Total business-type activities	(984,444)	(1,004,507)	605,253	811,242	5,154,915	603,521
Total primary government	\$5,350,973	\$5,040,744	\$6,289,923	\$6,390,250	\$7,770,692	\$5,420,763

Changes in Net Assets

Governmental activities	\$1,656,355	\$2,273,525	\$1,421,195	\$632,028	(\$1,826,826)	\$386,239
Business-type activities	330,999	893,572	265,420	889,164	5,792,630	2,723,810
Total primary government	\$1,987,354	\$3,167,197	\$1,686,615	\$1,521,192	\$3,965,804	\$3,090,049

Schedule 3
City of South Haven
Fund Balances, Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
2002						
General Fund						
Reserved	\$78,896	\$62,136	\$101,847	\$74,525	\$38,543	\$38,543
Unreserved						
Designated for subsequent year						
Undesignated						80,501
Total General Fund	1,788,573	1,595,188	1,251,217	1,143,168	1,197,258	1,260,063
	\$1,867,469	\$1,667,324	\$1,353,064	\$1,217,693	\$1,235,801	\$1,379,107
						\$1,088,492
All Other Governmental Funds						
Reserved	132,245	132,245	7,415	1,360,123	562,452	5,751,333
Unreserved, reported in:						
Designated for subsequent year						10,993
Special revenue funds	1,195,439	902,115	794,278	740,460	592,365	625,489
Capital projects funds	139,816	365,987	124,594	(1,209,269)	170,363	177,325
Debt service funds	(360,638)	68,831	52,257			
Permanent funds	83,635	66,141	173,076	24,831	9,014	121,040
Total all other governmental funds	\$1,190,297	\$1,535,319	\$1,151,620	\$916,145	\$1,334,184	\$6,686,180
						\$2,514,194
	\$3,057,766	\$3,192,643	\$2,504,684	\$2,133,838	\$2,569,985	\$8,065,287
						\$3,602,686

Schedule 4
City of South Haven
Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	2008	2007	2006	Fiscal Year 2005	2004
Revenues					
Property taxes	\$4,443,016	\$4,119,962	\$4,581,281	\$4,586,361	\$4,244,497
Special assessments	18,447	4,219			274
Licenses and permits	222,320	326,061	216,121	200,283	236,824
Intergovernmental	1,208,665	1,179,062	1,269,219	948,231	1,446,941
Charges for services	427,964	463,057	432,922	421,837	393,918
Fines and forfeits	31,186	36,835	30,133	22,319	25,635
Interest and rents	201,515	225,951	380,197	329,479	390,891
Other	1,533,387	1,978,060	671,839	748,631	1,161,809
Total revenues	<u>8,088,500</u>	<u>8,333,197</u>	<u>7,581,712</u>	<u>7,265,141</u>	<u>7,900,889</u>
Expenditures					
General government	1,101,488	1,081,063	1,053,478	967,420	917,662
Public safety	2,955,302	2,852,068	2,870,261	2,862,693	2,783,710
Public works	2,321,613	3,510,684	2,001,171	942,020	1,114,773
Health and welfare	752,860	578,205	857,289	536,352	876,958
Recreation and culture	482,792	1,050,907		341,145	312,214
Other	147,038	139,157	122,179	119,780	115,011
Debt service					
Principal retirement	1,275,000	740,000	455,000	450,000	415,000
Interest and fiscal charges	538,351	530,549	408,703	425,511	439,299
Capital outlay	0	0	52,635	1,590,141	4,212,122
Total expenditures	<u>9,574,444</u>	<u>10,482,633</u>	<u>7,820,716</u>	<u>8,235,052</u>	<u>11,185,749</u>
Excess of revenues over (under) expenditures	(1,487,944)	(2,149,436)	(239,004)	(969,921)	(3,284,860)
Other Financing Sources (Uses)					
Transfers in	1,518,450	2,422,519	1,021,474	1,810,222	2,331,059
Transfers out	(908,115)	(1,741,366)	(411,624)	(1,285,447)	(4,639,179)
Tax equivalent payments	742,732	723,267			
Issuance of bonds	0	1,500,000			
Total other financing sources (uses)	<u>1,353,067</u>	<u>2,904,420</u>	<u>609,850</u>	<u>533,775</u>	<u>(2,208,120)</u>
Net change in fund balance	<u>(134,877)</u>	<u>754,984</u>	<u>370,846</u>	<u>(436,146)</u>	<u>(5,492,980)</u>
Debt service as a percentage of noncapital expenditures	18.9%	12.1%	11.1%	13.2%	12.3%

2003	2002
\$3,766,618	\$3,520,901
8,002	16,330
170,568	143,436
1,130,003	1,279,902
391,995	349,281
22,460	17,679
379,317	351,982
347,721	256,012
<u>8,216,664</u>	<u>5,935,523</u>

923,387	913,565
2,653,486	2,668,544
999,095	807,392
521,218	464,164
308,349	312,193
105,777	142,964
370,000	285,000
404,583	210,228
<u>1,823,238</u>	<u>2,468,556</u>
<u>8,109,133</u>	<u>8,292,626</u>

(1,892,449) (2,357,103)

511,897	578,799
(114,200)	(689,020)
<u>5,800,000</u>	<u>3,700,000</u>
<u>6,197,897</u>	<u>3,589,779</u>
<u>4,305,248</u>	<u>1,232,876</u>

12.3% 8.5%

Schedule 5
City of South Haven
Assessed Value and estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Personal Property Valuation	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1999	\$138,038,928	\$31,917,563	\$11,338,370	\$182,980	\$24,396,741	\$205,874,582	15.5806	\$411,749,164	50.0%
2000	149,822,386	35,792,763	14,237,450	183,164	26,556,381	226,592,144	15.5871	453,184,288	50.0%
2001	167,054,957	38,674,604	14,570,994	183,164	51,106,015	251,589,734	15.1405	503,179,468	50.0%
2002	181,035,400	43,033,000	18,347,800	183,400	57,190,200	279,789,800	14.9160	559,579,600	50.0%
2003	202,251,900	49,847,400	21,025,500	184,500	40,736,800	314,044,100	14.6935	628,088,200	50.0%
2004	227,102,000	54,761,600	21,640,600	144,700	40,933,100	344,582,000	16.1097	689,164,000	50.0%
2005	262,567,900	71,807,600	19,514,100	144,700	40,286,800	394,321,100	15.8281	788,642,200	50.0%
2006	288,381,800	72,648,000	18,775,200	144,700	40,555,400	420,505,100	15.4639	841,010,200	50.0%
2007	318,269,400	76,849,400	18,725,600	144,700	36,162,400	450,151,500	15.2044	900,303,000	50.0%
2008	350,515,800	84,149,500	19,957,100	151,300	34,514,500	489,288,200	15.1977	978,576,400	50.0%

Tax rates are per \$1,000 of assessed value.

Schedule 6
City of South Haven
Direct and Overlapping Property tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year Ended June 30,	City Direct Rates				Overlapping Rates					
	Tax Year	Operating Millage	Service (1) Millage	City Millage	County Millage	School (2) Millage	State Education	College Millage	ISD Millage	Total
1999	1998	12.2378	3.3428	15.5806	6.7071	20.2664	6.0000	-	6.5907	55.1448
2000	1999	12.0824	3.5047	15.5871	6.6520	20.1059	6.0000	-	6.5371	54.8821
2001	2000	11.7960	3.3445	15.1405	6.5993	19.7371	6.0000	-	6.4754	53.9523
2002	2001	11.5954	3.3206	14.9160	6.5641	20.6300	6.0000	-	6.4390	54.5491
2003	2002	11.3808	3.3127	14.6935	6.5138	21.6119	6.0000	1.8416	6.3558	57.0166
2004	2003	11.1190	4.9907	16.1097	6.4264	22.4256	5.0000	1.8209	6.2641	58.0467
2005	2004	11.0044	4.8237	15.8281	7.1039	21.9000	6.0000	1.8174	6.2012	58.8506
2006	2005	10.8118	4.6521	15.4639	7.0348	21.7000	6.0000	1.8060	6.1209	58.1356
2007	2006	10.6744	4.5300	15.2044	6.9726	21.5200	6.0000	1.7916	6.0339	57.5225
2008	2007	10.5911	4.6066	15.1977	7.1985	20.8000	6.0000	1.7946	5.9981	56.9889

(1) Includes Refuse, Street, Narcotics, Library, Hospital and Senior Service millages

(2) Non homestead rate

Schedule 7
City of South Haven
Principal Property Tax Payers
Current and seven years ago

	2008			2001		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Taxpayer						
Nobel Industries	\$15,897,200	1	3.53%			
Albemarle	12,268,100	2	2.73%			
Wal Mart	8,088,500	3	1.80%	\$2,467,848	4	0.98%
Yale-South Haven	2,920,200	4	0.65%	1,556,208	5	0.62%
CCG Properties	2,297,000	5	0.51%	1,490,427	6	0.58%
River Ridge Retirement Village	2,290,300	6	0.51%			
M & M South Haven	1,575,900	7				
American Twisting	1,553,700	9	0.35%			
Shoreline Bays	1,341,900	10				
Menard Inc.	1,339,700	8				
DSM, Inc.				14,086,088	1	5.60%
Pullman Industries			0.00%	8,561,475	2	3.40%
Double J Molding				4,445,264	3	1.77%
Shree Shiv Hospitality			0.00%	1,011,297	7	0.40%
Maple Glen Apartments				1,363,267	8	0.54%
Murk Properties				970,411	9	0.39%
Webster Valley LLC				858,510	10	0.34%

Information from nine years ago is not available.

Source - City assessor

**Schedule 8
City of South Haven
Property Tax Levies and Collections
Last Ten Fiscal Years**

Taxes Levied July 1,	Fiscal Year Ended	Taxes Levied for the Fiscal Year	Tax Collection for the Fiscal Year	Percent of Levy Collected
1998	6/30/1999	\$2,645,966	\$2,639,901	99.77%
1999	6/30/2000	2,841,871	2,834,429	99.74%
2000	6/30/2001	3,017,302	3,009,487	99.74%
2001	6/30/2002	3,273,823	3,258,611	99.54%
2002	6/30/2003	3,541,194	3,518,955	99.37%
2003	6/30/2004	4,141,938	4,137,785	99.90%
2004	6/30/2005	4,360,881	4,356,038	99.89%
2005	6/30/2006	4,566,837	4,563,102	99.92%
2006	6/30/2007	4,802,217	4,794,815	99.85%
2007	6/30/2008	5,131,625	5,119,987	99.77%

(1) Net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.

Schedule 9
City of South Haven
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities							Total Primary Government	Percentage of Personal Income	Per Capita	Personal Income	population
	General Obligation Bonds	Lease Purchases	Loans		General Obligation Bonds	Revenue Bonds	Lease Purchases	Loans								
1999	\$ 3,742,431	\$ -	\$ 515,300		\$ -	\$ 3,300,000	\$ -	\$ -		\$ 7,557,731	N/A	1,359	N/A	5,553		
2000	3,387,195	-	299,820		-	3,130,000	-	162,414		6,979,429	7.7%	1,390	\$ 97,387,316	5,021		
2001	3,002,834	-	274,820		-	3,415,000	-	125,017		6,817,671	7.00%	1,358	97,387,316	5,021		
2002	8,510,000	-	274,820		-	3,205,000	-	587,620		12,577,440	12.91%	2,505	97,387,316	5,021		
2003	13,840,000	-	235,480		-	2,205,000	-	400,000		16,680,460	17.13%	3,322	97,387,316	5,021		
2004	13,280,000	-	-		-	2,105,000	-	300,000		15,685,000	16.11%	3,124	97,387,316	5,021		
2005	12,645,000	-	231,000		-	1,700,000	-	200,000		14,775,000	15.17%	2,943	97,387,316	5,021		
2006	11,980,000	-	231,000		-	1,885,000	-	100,000		13,996,000	14.37%	2,787	97,387,316	5,021		
2007	12,740,000	-	231,000		-	1,665,000	-	-		14,636,000	15.03%	2,915	97,387,316	5,021		
2008	11,465,000	-	231,000		-	1,645,000	-	-		13,341,000	13.70%	2,857	97,387,316	5,021		

Schedule 10
City of South Haven
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended 31-Jun	Population(1)	SEV Value(3)	Gross Bonded Debt(2)	Debt Service Monies Available	Debt Payable From Enterprise Revenues & Special Assessments	Net Bonded Debt	Ratio of Net Bonded Debt to SEV Value	Net Bonded Debt per Capita
1999	5,563	\$205,874,580	\$7,042,431	\$145,002	\$3,300,000	\$3,607,429	1.75%	648
2000	5,021	226,592,140	6,517,195	117,771	3,130,000	3,209,424	1.44%	651
2001	5,021	253,207,500	6,417,854	91,542	3,415,000	2,911,292	1.15%	580
2002	5,021	277,898,000	11,712,000	33,368	3,205,000	8,476,632	3.05%	1,688
2003	5,021	314,044,100	16,045,000	34,519	2,205,000	13,805,481	4.40%	2,750
2004	5,021	344,582,000	15,385,000	35,617	2,105,000	13,244,383	3.84%	2,638
2005	5,021	394,321,100	14,345,000	39,545	1,760,000	12,605,455	3.20%	2,511
2006	5,021	420,505,100	13,665,000	52,257	1,685,000	11,927,743	2.84%	2,376
2007	5,021	430,151,500	14,405,000	68,831	1,665,000	12,671,169	2.81%	2,524
2008	5,021	489,288,200	13,110,000	43,679	1,645,000	11,421,321	2.33%	2,275

NOTE:

- (1) Population per decennial census by the U.S. Census Bureau.
- (2) Includes all general obligation debt and special assessment debt with governmental obligation
- (3) The tax assessment day is December 31 prior to beginning of fiscal year

Schedule 11
City of South Haven
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Name of Governmental Unit	General Obligation Bonded Debt Outstanding	% Applicable to City	Amount Applicable to City
Direct - City	\$ 11,465,000 (1)	100.00%	<u>\$ 11,465,000</u>
Overlapping			
South Haven Public Schools	33,319,000	49.16%	\$ 16,379,620
Allegan County	9,526,260	0.08%	7,621
Van Buren County	1,960,000	11.92%	233,632
Total Overlapping Debt			<u>16,620,873</u>
Total Direct and Overlapping Debt			<u>\$ 28,085,873</u>

(1) Excluding general obligation bonds reported in the enterprise funds, special assessment debt with government commitment and amount available for repayment in the debt service fund.

Schedule 12
City of South Haven
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value, real and personal property \$ 489,288,200

Legal debt margin
Debt limitation - 10 percent of total valuation 48,928,820
Debt applicable to limit 11,465,020
General obligation bonds 43,679
Less: Amount available for repayment of bonds 11,421,321
Total net debt applicable to limit \$ 37,607,499
Legal debt margin

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$20,587,458	\$22,659,214	\$25,320,730	\$27,789,800	\$31,404,410	\$34,458,200	\$39,432,110	\$42,050,510	\$45,015,150	\$ 48,928,820
Total net debt applicable to limit	3,627,429	3,269,424	2,911,292	8,476,632	13,805,481	13,244,383	12,806,455	11,927,753	12,671,169	11,421,321
Legal debt margin	\$16,491,623	\$18,996,184	\$22,034,760	\$19,313,183	\$17,158,045	\$20,830,791	\$26,500,116	\$30,122,767	\$32,343,981	\$37,507,499
Total net debt applicable to the limit as a percentage of debt limit	17.62%	14.43%	11.50%	30.50%	43.90%	38.44%	31.97%	28.37%	28.16%	23.34%

Schedule 13
City of South Haven
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Electric Utility System Revenue Bonds							Wastewater Treatment System Revenue Bonds - Called May 2003						
	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service		Debt Service Requirements		Coverage (2)	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service		Debt Service Requirements		Coverage(2)
			Principal	Interest	Principal	Interest				Principal	Interest	Principal	Interest	
1999	\$9,496,155	\$7,999,885	\$1,496,270	\$65,000	\$123,004	\$188,004	7.96	\$1,286,347	\$815,054	\$471,293	\$92,112	\$187,112	\$92,112	2.52
2000	9,399,172	8,028,854	1,370,318	70,000	117,991	187,991	7.29	1,381,236	987,872	393,364	82,653	182,653	82,653	2.16
2001	9,516,255	7,575,493	1,940,762	75,000	112,204	187,204	10.37	1,134,789	939,782	195,007	71,785	183,785	71,785	1.06
2002	9,045,029	8,189,678	855,351	80,000	106,585	186,585	4.58	1,350,063	978,433	371,630	65,865	180,865	65,865	2.05
2003	10,079,156	8,305,669	1,773,487	80,000	100,805	180,805	9.81	1,548,840	1,272,637	276,203	55,692	960,692	55,692	0.29
2004	9,472,686	8,611,407	861,279	85,000	94,804	179,804	4.79							
2005	9,602,023	8,993,967	608,056	390,000	83,979	473,979	1.28							
2006	10,238,245	9,319,810	918,435	0	68,685	68,685	13.37							
2007	11,749,399	10,697,019	1,052,380	0	68,685	68,685	15.32							
2008	12,882,401	12,443,729	438,672	0	68,685	68,685	6.39							

Fiscal Year Ended 30-Jun	Water System Revenue Bonds													
	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service		Debt Service Requirements		Coverage (2)	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service		Debt Service Requirements		Coverage(2)
			Principal	Interest	Principal	Interest				Principal	Interest	Principal	Interest	
2001	\$1,032,247	\$874,736	\$157,511	50	50	\$0								
2002	1,194,673	906,035	288,638	15,000	20,730	35,730	8.08							
2003	1,289,701	1,190,183	99,518	15,000	22,045	37,045	2.69							
2004	2,233,347	1,200,839	1,032,508	15,000	21,460	36,460	28.52							
2005	1,751,019	1,412,083	338,936	15,000	20,860	35,860	9.45							
2006	1,632,066	1,473,275	158,791	15,000	20,253	35,253	4.50							
2007	1,853,590	1,454,415	399,175	20,000	19,898	39,898	10.00							
2008	1,894,205	1,617,007	277,198	20,000	19,053	39,053	7.10							

(1) Operating expenses less depreciation.

(2) Coverage is defined as net revenue available for debt service divided by debt service requirements.

Schedule 14
City of South Haven
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population(1)	Per capita		Median Age(2)	Public School Enrollment(3)	Unemployment		Labor Force(4)
		Personal Income(2)	Personal Income(2)			% Rate(4)		
1999	5,563	N/A	N/A	N/A	2,719	4.00%		37,153
2000	5,021	\$97,387,316	\$19,396	42.10	2,528	4.00%		39,619
2001	5,021	97,387,316	19,396	42.10	2,397	4.80%		39,656
2002	5,021	97,387,316	19,396	42.10	2,435	6.40%		39,152
2003	5,021	97,387,316	19,396	42.10	2,466	7.30%		39,496
2004	5,021	97,387,316	19,396	42.10	2,355	6.60%		40,235
2005	5,021	97,387,316	19,396	42.10	2,333	6.40%		40,849
2006	5,021	97,387,316	19,396	42.10	2,332	6.50%		41,472
2007	5,021	97,387,316	19,396	42.10	2,187	6.60%		41,008
2008	5,021	97,387,316	19,396	42.10	2,155	7.70%		41,553

(1) Population per decennial census by the U.S. Census Bureau.

(2) 2000 data from U.S. Census Bureau.

(3) Annual school census from the South Haven Public Schools.

(4) Van Buren County labor force data. Michigan Department of Career Development: Employment Service Agency - Labor Market Information.

Schedule 15
City of South Haven
Full-Time Equivalent Employees
Last Six Fiscal Years

Function	Full-time Equivalent Employees as of June 30.					
	2003	2004	2005	2006	2007	2008
General Government						
City Council	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	1.50	1.50	1.50	1.50	1.50	1.75
City Clerk	0.75	0.75	1.00	0.75	1.00	1.00
City Treasurer	2.50	2.25	2.50	2.50	2.50	2.50
City Assessor	1.00	1.00	1.25	1.00	1.00	1.00
Building Services	3.00	2.00	2.00	2.25	2.00	1.50
Development	0.50	1.00	1.25	1.25	1.25	1.00
Computer Services	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety						
Police/Dispatch	31.00	31.00	30.25	31.00	31.00	31.25
Public Works						
Public Works	11.00	10.00	9.50	8.75	9.50	10.50
Cemetery	2.25	1.75	2.00	1.75	2.00	2.25
Parks and Recreation	12.50	13.00	12.75	12.50	11.75	13.00
Public Utilities	27.00	27.50	26.50	28.75	32.25	32.50
Total Full-Time Equivalents	101.00	99.75	98.50	100.00	103.75	106.25

SOURCE: City of South Haven payroll records

Schedule 16
City of South Haven
Principal Employers,
Current Year and Seven Years Ago *

		<u>2008</u>		<u>2001</u>	
Employer	Principal Product/Service	Employees	Rank	Employees	Rank
South Haven Community Hospital	Health Care	387	1	274	3
Nobel Industries	Auto Parts	335	2		
Wal-Mart Stores	Retail	327	3	211	4
South Haven Schools	Education	284	4	317	2
Trelleborg, Inc.	Auto Parts	144	5	140	7
Village Market	Retail	129	6		
Albemarle	Pharmaceuticals	114	7		
Countryside	Nursing Home	114	8		
City of South Haven	Municipal Government	71	9	91	9
Do-It Corporation	Plastic Hang Tabs	65	10	80	10
Pullman Industries	Auto Parts			469	1
Wyckoff Inc., Division of Catalytica	Pharmaceuticals			175	5
Clarion, Inc.	Auto Parts			157	6
Scott Aviation	Gas Masks, Safety Equipment			101	8
		<u>1950</u>		<u>2015</u>	

Source: City of South Haven

* Principal Employer information from nine years ago is not available.

Total City employment is not available, only the total County employment. The data-base is too broad to be meaningful and is not included.

Schedule 17
City of South Haven
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Population	5563	5021	5021	5021	5021	5021	5021	5021	5021	5021
Area - square miles	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Building and zoning										
Number of construction permits (Calendar year)	421	453	407	409	380	468	395	325	320	a
Value of permits (Calendar year)	11,690,790	14,799,769	11,619,737	16,679,143	23,155,722	15,810,261	12,586,428	19,988,103	18,455,567	a
Police (1)										
Number of Criminal Offenses Reported	2152	2032	1803	1814	1695	1412	1649	2593	a	a
Number of Arrests	437	372	338	484	619	586	768	718	a	a
Public Works (2)										
Miles of local streets maintained	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84
Miles of major streets maintained	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87
Public Utilities (2)										
Miles of sanitary sewers	37	37	37	37	37	37	37	37	37	37
Sewer treatment capacity in gallons	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000
Sewer System Connections	a	3025	3106	3308	3412	3524	3665	3823	3894	3969
Miles of storm sewers	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	15
Water plant daily capacity in gallons	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Miles of water mains	54	54	54	54	54	54	54	54	54	55
Water towers	3	3	3	3	3	3	3	3	3	3
Water system connections	a	3300	3669	3930	4146	4402	4620	4855	4982	5115
Number of fire hydrants	406	406	406	406	406	406	406	406	406	425
Miles of electric lines	112	112	112	112	112	115	115	115	115	121
Number of electric connections	a	7000	7187	7380	7533	7534	7675	7743	7815	8040
Number of distribution stations	2	2	2	2	2	2	2	2	2	2

(a) Data not available

1 Source: Michigan Uniform Crime Report. Information is for calendar year.

2 Source: City of South Haven

Schedule 18
City of South Haven
Operating Indicators by Function/Program
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	0	0
Vehicles	11	11	11	11	11	11	11	11	11	11
Holding Cells	4	4	4	4	4	4	4	4	4	4
Canine Units	0	0	0	1	1	1	1	1	1	1
Public Works										
Miles of local streets	21.71	21.71	21.71	21.71	21.84	21.84	21.84	21.84	21.84	21.84
Miles of major streets	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87
Parks & Recreation										
Parks	10	10	10	10	11	11	11	11	11	11
Skate parks	0	0	1	1	1	1	1	1	1	1
Parks acreage	39.5	39.5	39.5	39.5	39.7	39.7	39.7	39.7	39.7	39.7
Beach frontage in miles	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal marinas	4	4	4	4	4	4	4	4	4	4
Municipal boat slips	221	221	221	221	221	221	221	221	221	221
Municipal boat launches	8	8	9	9	9	9	10	10	10	10
Feet of broadside dockage	500	500	500	500	550	550	550	550	550	550
Municipal cemeteries	1	1	1	1	1	1	1	1	1	1
Cemetery acreage	38	38	38	38	38	38	38	38	38	38